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May 29, 1972

RAILWAY AGE

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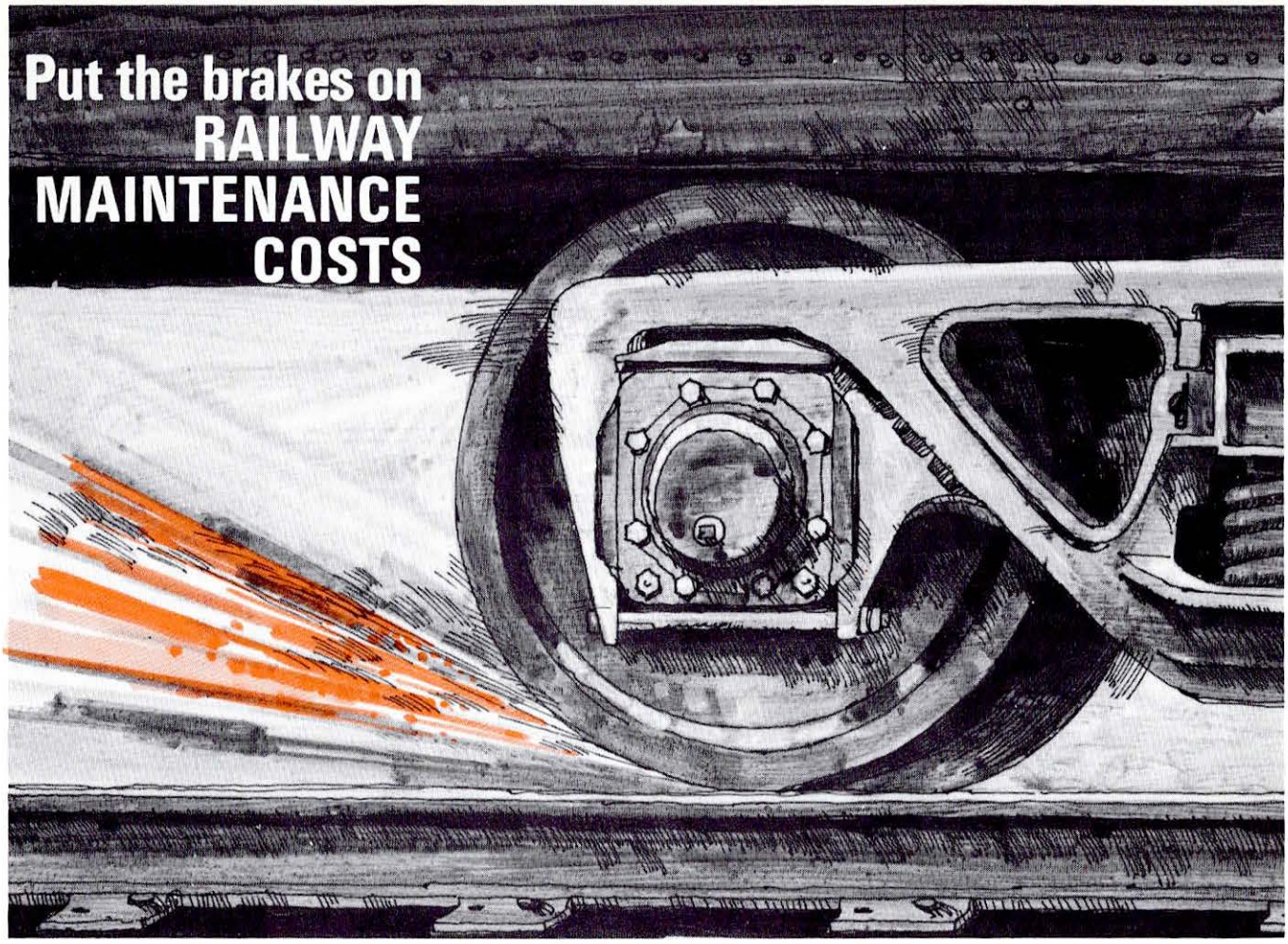

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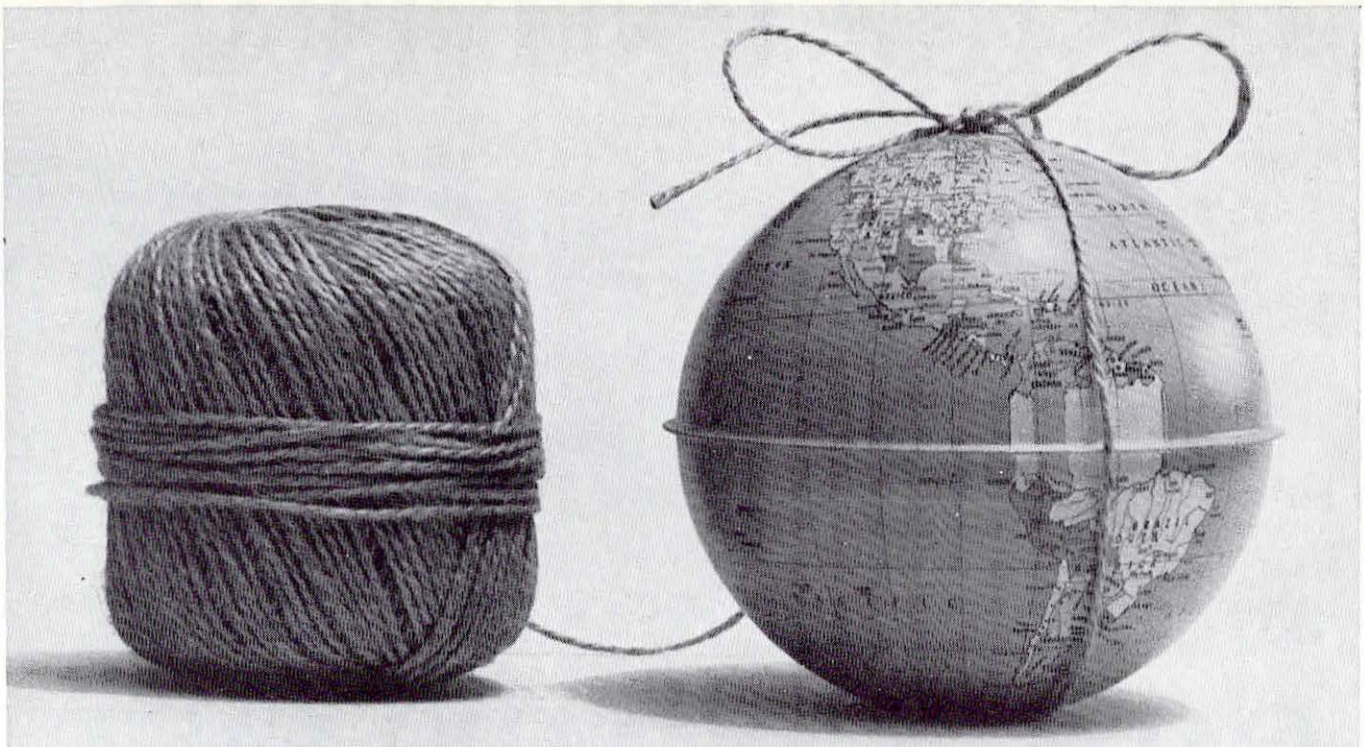

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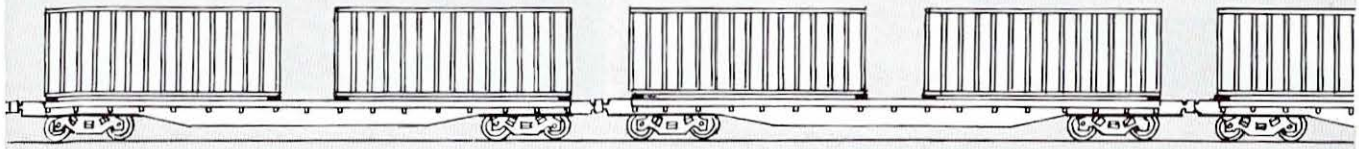

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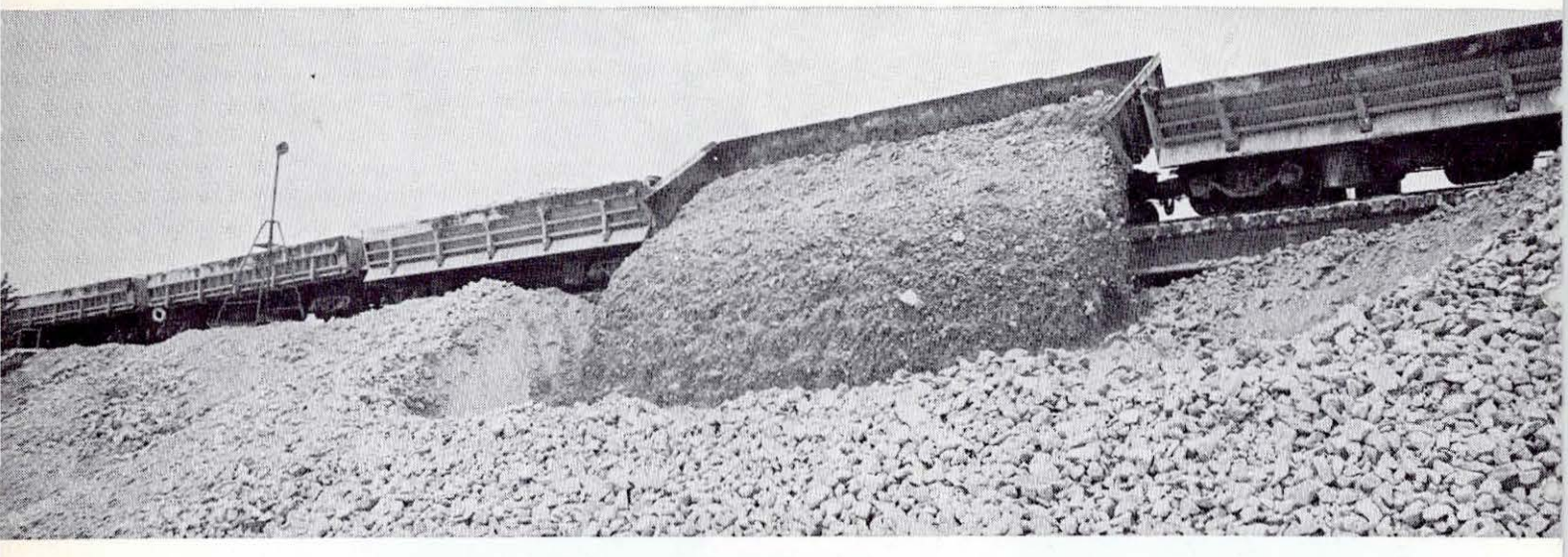

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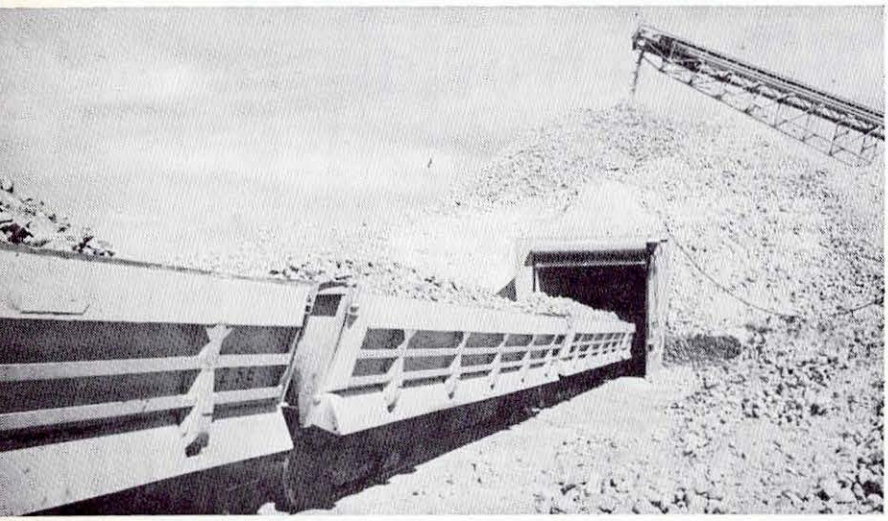

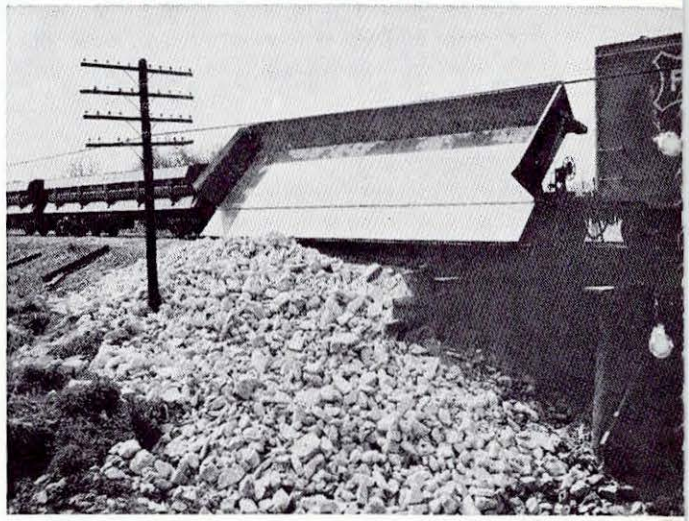

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(212) 966-7700

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Railway Age, established in 1856, is indexed by the Business Periodicals Index and the Engineering Index Service. Name registered in U.S. Patent Office and Trade Mark Office in Canada.
Published semi-monthly by the Simmons-Boardman Publishing Corporation, 508 Birch St., Bristol, Conn. 06010.
Railroad employees' subscription rate, U.S. possessions, Canada and Mexico, $6 one year, $9 two years, all others $15 for one year, payable in advance and postage paid. To railroad employees elsewhere in the western hemisphere, $10 a year; in the eastern hemisphere, $15 a year. Single copies 60¢, except special issues.
Address all subscriptions, change of address and correspondence concerning them to Subscription Dept., Railway Age, P.O. Box 530, Bristol, Conn. 06010.
Change of address should reach us three weeks in advance of next issue date. Send old address with new enclosing, if possible, your address label. Post Office will not forward copies unless you provide extra postage.

Member of ABC RPI

Circulation Dept.: John Rogers Director of Circulation, 350 Broadway, New York, N.Y. 10013. POSTMASTER—SEND FORM 3579 TO P.O. BOX 530, BRISTOL, CONN. 06010.

Printed at the Hughes Printing Co., 34 North Crystal St., East Stroudsburg, Pa. 18301. Second-class postage paid at Bristol, Conn., and at additional mailing offices.

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Inside

LUTHER MILLER

KATY COMES ON STRONG

As a general rule, we can take "awards" ceremonies or leave them alone. But, there was a presentation in St. Louis a couple of weeks ago that deserves more than passing mention—the presentation of the new St. Louis Railway Club's first Man of the Year award to Katy Chairman and President Reginald N. Whitman. Whitman was being honored, of course, for his lead role in Katy's continuing comeback—a comeback marked by several significant elements, such as a stepped-up maintenance program, and perhaps surprisingly, a black figure on the bottom line in 1971 (for Katy's first profit since '63).

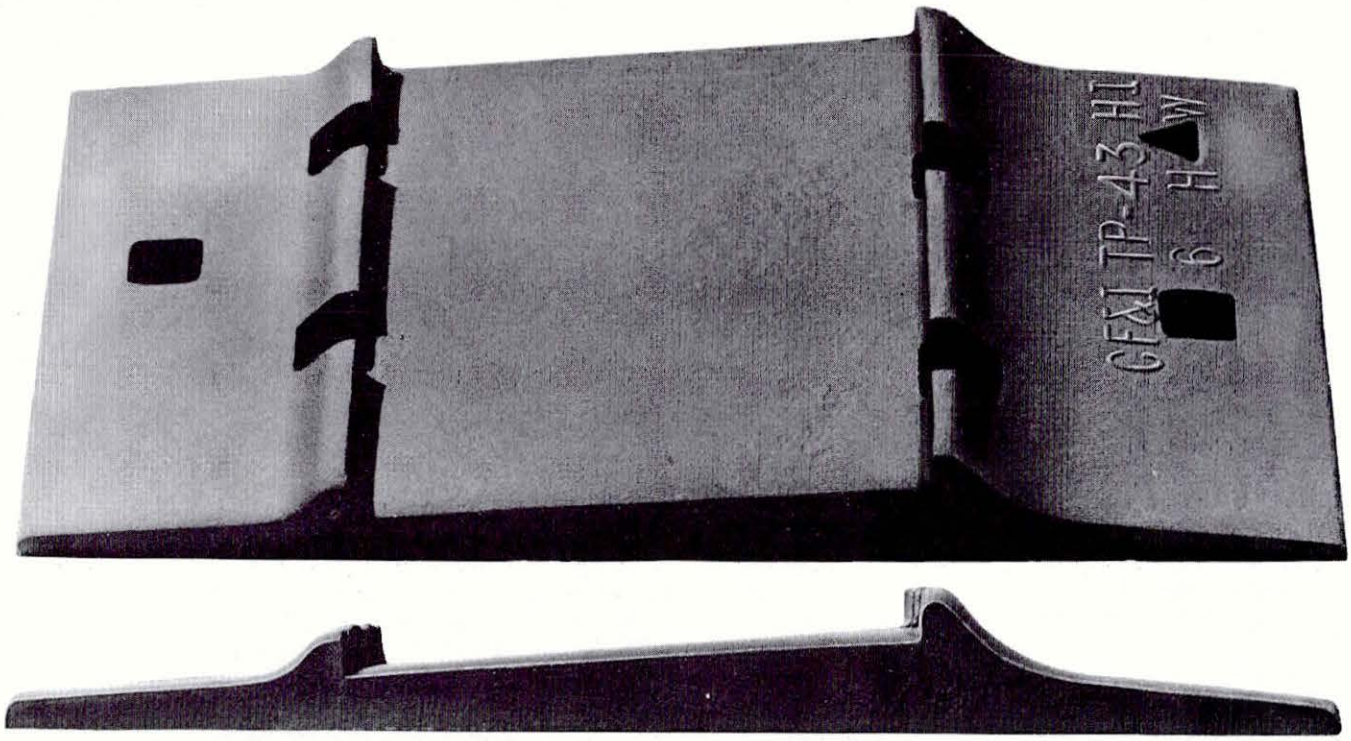
In our shop, the award to Reg Whitman was especially easy to understand for Associate Editor Bob Bartley—just back from Dallas with the story of revival-in-Katyland which begins on page 35. Says Bartley: "Maybe it takes more than high morale and a lot of determination to turn a railroad around. But morale and determination sure can't hurt—and Katy's got plenty of both."

THE TOFC/COFC PACE QUICKENS

Katy's comeback isn't the only one to be noted in this issue of Railway Age. Beginning on page 27, Senior Editor Gus Welty surveys the TOFC/COFC business—and finds reason for more than mild optimism in the consistent pattern of growth which piggyback has been following. Piggyback, of course, never slumped to the extent that Katy did. But there were those recent years when TOFC/COFC seemed to be running out of gas—much to the delight of those who saw piggyback as a threat, rather than as a much-needed and thoroughly workable marriage of the modes. Welty's sum-up: "There are rate problems and service problems and terminal problems—and there's more than a little in-fighting going on. But despite all this, freight carloadings are up by 5% and trailer/container loadings are up by more than 9%. You have to believe that the people who kept the faith—and kept plugging away at piggyback—knew what they were doing."

AT NASAB: A MOOD OF COOPERATION

An outstanding element of the recent three-day meeting of the National Association of Shippers Advisory Boards in Minneapolis (p. 65) was the apparent feeling on all sides that railroads and shippers are, in a very real sense, partners. Each side, of course, had horror stories to tell about each other, says Executive Editor Fred Miles. Nevertheless, it was an obvious consensus that working together is a must. AAR chief Stephen Ailes summed it up neatly, Miles adds, when early in his address to the NASAB meeting he said: "During my tenure with the railroad industry, however short, I have become aware of the community of interest between shippers and carriers. Our interdependence is total."



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RAILWAY AGE

May 29, 1972

NEWS

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The photograph of a Seatrain Lines' minibridge movement was taken at Houston, Texas, by Don Erb, system photographer for the Santa Fe.

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Short and Significant

THE L&D BILL: NOT UP TO "EXPECTATIONS"

It had been gloomily forecast that railroad payout for freight loss and damage last year would hit, and maybe even top, $240 million. But there is good news from the AAR: Final figures show the '71 total at a bit under $235 million, an increase of only about 3% from the 1970 payout. Figures also show decreases in the L&D suspense account and in new claims filed—and that should augur well for L&D results this year.

SERVO ACQUIRES KARTRAK

KarTrak, the automatic car identification system, has been acquired by Servo Corp. of America from GTE Information Systems. For a price that could go as high as $2.6 million, depending on future sales, Servo is absorbing the entire KarTrak business including assets, outstanding leases and maintenance contracts, inventories and patents. "The addition of Kartrak to our already well-established railroad business, such as the Servosafe Hot Box Detective, will serve to broaden our growing transportation commitment," said H. Blackstone, Servo president.

RSA INDOOR/OUTDOOR EXHIBITS "STILL ON"

The show will go on. Rumors that the Railway Supply Association might call off the outdoor exhibits planned for Chicago's Illinois Central 12th Street station this fall in connection with the annual meeting of the Coordinated Mechanical Associations are completely unfounded, says RSA's executive secretary, A. Schiffers, Jr. Some 1,600 feet of exhibit trackage have already been contracted for, he says, "and at least a half-dozen major suppliers" have yet to make a decision on participation. Close to 4,600 feet of exhibit trackage have been made available at the IC station. Meanwhile, indoor exhibit space at the Sherman House, CMA convention hotel, is about 75% sold, adds Schiffers.

INTERCITY TRUCK TONNAGE ROSE 6% LAST YEAR

The tonnage of intercity freight transported by truck in 1971 was 6% higher than 1970 and 5.6% above the 1969 figure, according to American Trucking Associations. Such tonnage increased in all four 1971 quarters, says ATA, with the largest rise being registered in the year's second quarter, which was 14.4% above the comparable 1970 quarter. The full 1971 figures are based on the operations of 2,302 Class I and II intercity common and contract motor carriers, which hauled 624,592,871 tons of freight last year.

RAIL SAFETY RECORD THE BEST

Railroads were alone among all modes in contributing fewer fatalities to the total of transportation accident deaths in 1971, compared with 1970, according to preliminary statistics of the National Transportation Safety Board. While total fatalities increased 421 over 1970 to 59,215, railroad deaths were down 14% to 607 in 1971 and grade crossing fatalities dropped 6% to 1,356. Highway, commercial marine, recreational boating, commercial aviation, general aviation and pipelines all showed some increase.

DOT LETS YARD STUDY CONTRACTS

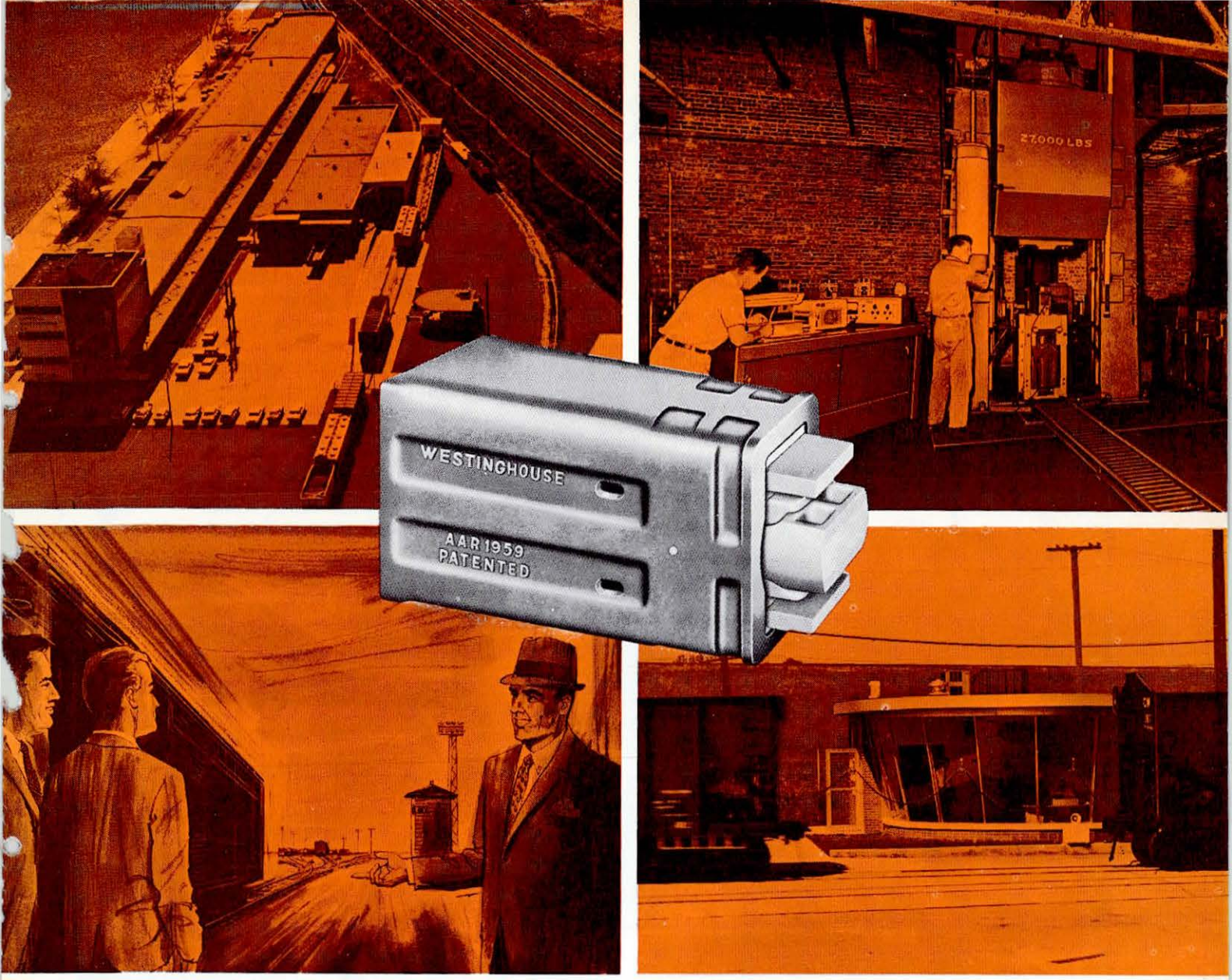
DOT Secretary John A. Volpe and FRA Administrator John W. Ingram on May 19 toured the snarl of 37 freight yards in the St. Louis area, which are the subject of a DOT-sponsored $465,000 consolidation and relocation study. Contracts for the study have been awarded to Parsons, Brinckerhoff, Quade & Douglas, New York City; W. Arthur Grotz, Baltimore; and Eric Hill Associates, Atlanta. Mr. Volpe praised the project as ultimately speeding rail traffic through the city, releasing 500 valuable acres for new urban use.

CHERINGTON WINS SALZBERG MEDALLION

The Harry E. Salzberg Memorial Medallion for distinguished accomplishment in the field of transportation was presented April 21 to Dr. Paul W. Cherington, former assistant secretary of transportation and now chairman of Temple, Barker & Sloane Inc., management consultants. The award was last given in 1968 to Alfred E. Perlman, then president of the Penn Central.

PC OPERATING REVENUES HIGHER

Penn Central freight revenue went up in 1971, so that total railway operating revenues of $1.78 billion have been reported by trustees. This compares with $1.69 billion in 1970. Railway operating expenses were up only $5 million, cutting the net loss from railway operations from $237 million in 1970 to $180 million in 1971. On an ICC basis and after extraordinary charges—primarily passenger-service write-offs in 1971 and plant retirements and impairment of investment in leased lines in 1970—PC had a net loss of $426 million in 1970 and $560 million in 1971. On May 22 the U.S. Supreme Court refused to hear appeals for rehearing of PC's deferment of tax payments in New York and New Jersey, granted in 1970 by Judge J.P. Fullam.



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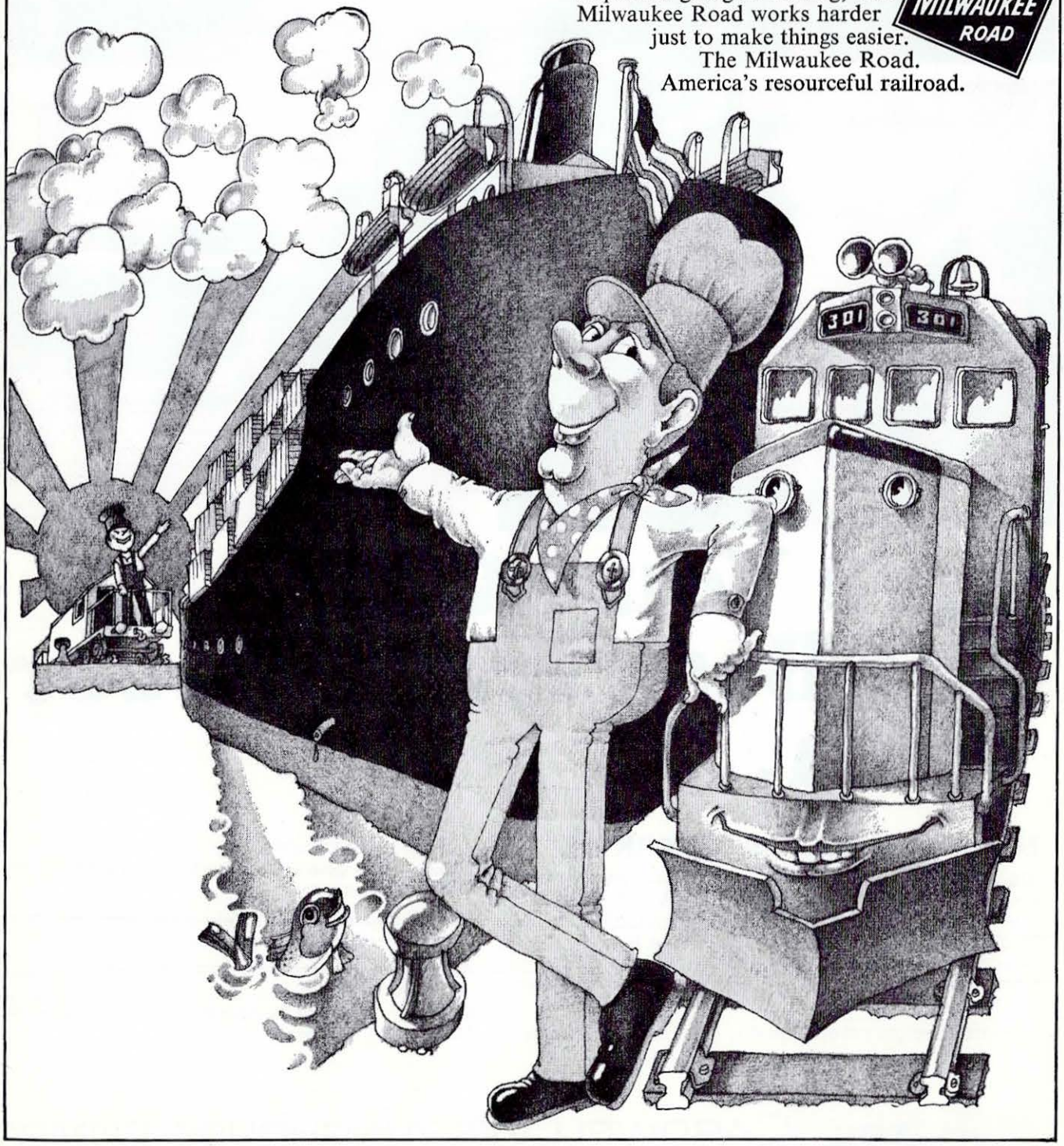

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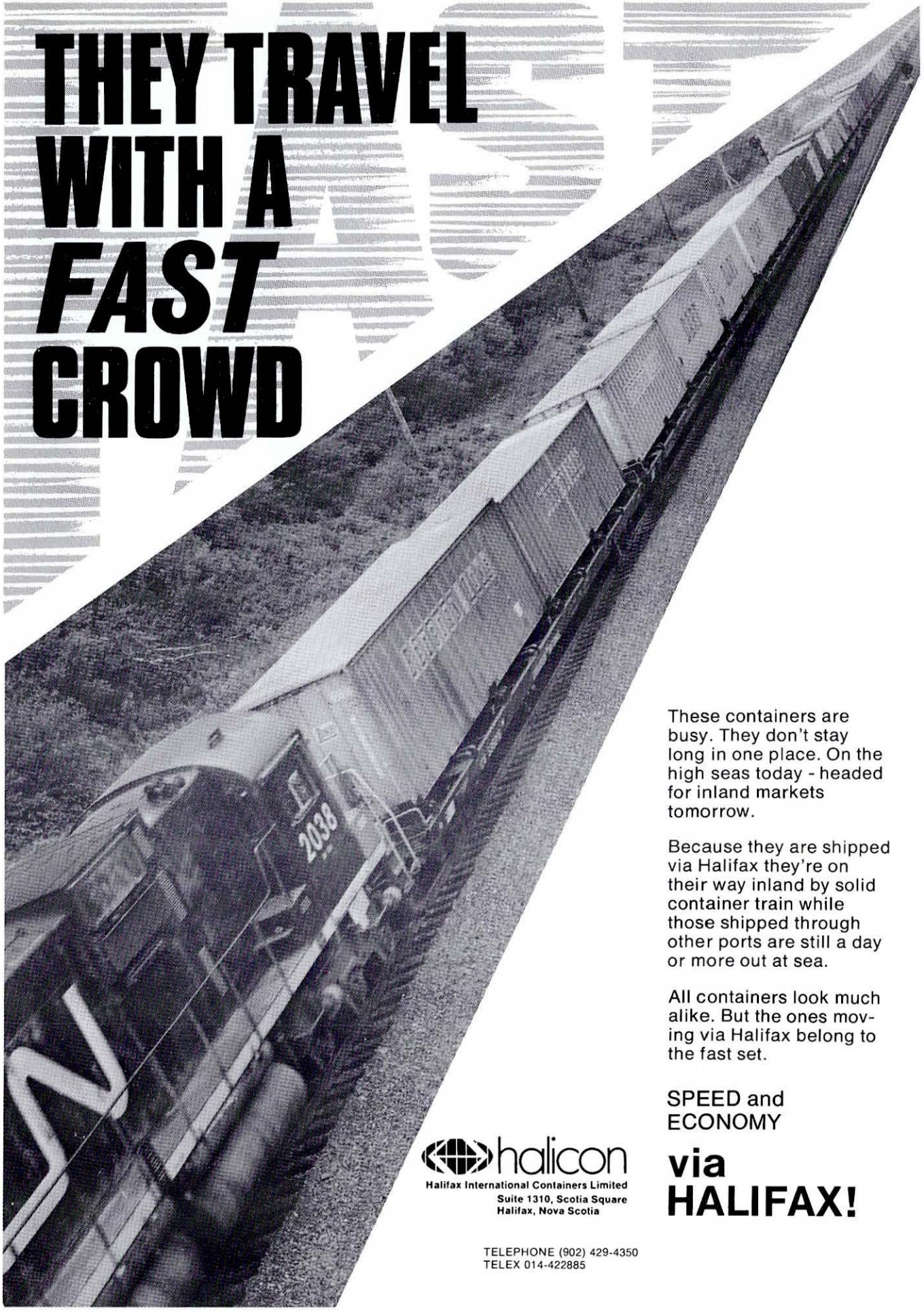

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◀ Circle 8 on coupon page 61

Circle 9 on coupon page 61

New PC/UTU phase; settlement for SMWIA?

On the national level, there is hope that the last remaining major labor dispute—involving the railroads and the Sheet Metal Workers' International Association—is well on its way to settlement.

But on a somewhat more localized level, Penn Central and the United Transportation Union still have a long way to go before their crew-consist dispute can be wrapped up. Both disputes were investigated and reported on by emergency boards. While the SMWIA board came up with recommendations that later provided the basis for agreement between negotiators, the PC/UTU board was less specific—and called, primarily, for a postponement of action by either railroad or union and for resumption of talks on crew-size reduction on a local basis. In each dispute, there seemed to be little likelihood of a transportation tie-up. But, the Sheet Metal Workers agreement must be ratified by union members—who rejected a settlement agreed to by negotiators in the previous round of contract talks in 1970. And both PC and the UTU were approaching their emergency board report cautiously.

In the SMWIA case, wage provisions follow the pattern already accepted by every other rail union, averaging out at 1% per month. The so-called incidental work rule, a major sticking point in the talks, is retained but clarified (as the emergency board had suggested). Pay Board approval will be required—but this was not regarded as a major obstacle, in view of past actions by the Board on rail agreements.

In the Penn Central/UTU case, the situation was somewhat less clear. Essentially, the emergency board asked PC to hold off for eight months any unilateral effort to cut crew size, and it asked both sides to go back to the bargaining table. The board, headed by former National Mediation Board Chairman Francis A. O'Neill, Jr., found that "consistent overmanning exists in some areas and some relief should be provided the carrier." The report also seemed to reject a major union argument on safety, by noting that the record of other railroads "revealed no increase in accidents or employee injuries directly attributable to reduced crew sizes."

At the same time, the board questioned whether management should have "the unilateral right to determine the size of crews." And it did appear to fall in with UTU in proposing local-level bargaining.

Initial reaction from both the railroad and the union tended to be mild. Penn Central's trustees said they were "concerned that the board did not make more specific recommendations for final resolution of the Penn Central overmanning problem." But, they promised to "study the board's report with care." And they did direct that "intensive collective bargaining be resumed immediately and pursued with all possible diligence," and on May 16 PC notified the NMB that it was ready to go back to talking.

Penn Central had no immediate comment on the board's request for a lengthy delay in implementing changes in crew consist. On that subject, the trustees statement said this: "The Railway Labor Act requires the parties to resume bargaining for 30 days following the report of a Presidential emergency board, and Penn Central intends to utilize to the utmost that opportunity to find a solution to the present controversy. The trustees hope and expect that the representatives of the United Transportation Union will approach the negotiations in the same spirit." The board had originally been scheduled to file its report with the President at the first of May, but a postponement pushed the filing back to May 15—which means the 30-day no-change period provided for in the Railway Labor Act runs out in mid-June.

For its part, UTU had little more to say. President Al H. Chesser said the report would be "reviewed carefully," and UTU general chairmen on Penn Central were scheduled to meet May 23 in Philadelphia to "give consideration to the recommendations of the board."

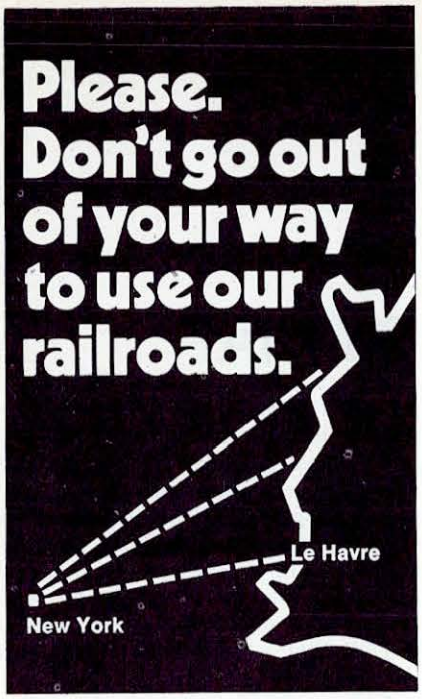
Chesser didn't comment one way or the other on the union's position in the wake of the report. But he did note this: "It is evident that the members of the board recognize the importance of settling such disputes through negotiations at the local level of operations. This, and recognition of the safety factor, have been two of our strong contentions from the very beginning. We, too, are desirous of making a settlement through negotiations rather than through compulsion, if it is at all possible."

Few major cases have been at once more simple and more complex than the PC/UTU dispute (RA, April 24, p. 11). PC is in bankruptcy, it needs labor-cost relief, and it proposes the phasing-out of thousands of jobs with protection for the currently-employed. UTU is not unaware of the situation facing PC—but it is also well aware that significant changes in manning practices at PC might have later influence on consist disputes elsewhere.

Easier grades for ATSF Cajon line

Railfans may shed a tear, but Santa Fe customers and operating people will be raising a cheer—for a $4.3-million line-relocation now under way which will change the profile of the Cajon Pass crossing in southern California and give Santa Fe a more level and less curving route. The change, to be completed Oct. 1, will involve movement of the more than one million cubic yards of earth and significant reductions in the present 3% grade and 10-degree curvature of the line between Barstow and San Bernardino which was opened in 1885. The Griffith Co. of Los Angeles holds the contract for grading work; Santa Fe

forces will handle track-lying and installation of new signal and communications lines.



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So don't go out of your way to use our railroads and get your goods to market faster.

For further information write to the French National Railroads 610 5th Ave., N.Y. New York Freight Department F. Or call French National Railroads at (212) 582-2110.

French National Railroads

Circle 10 on coupon page 61

Will Amtrak flourish or fade?

Two disparate views of Amtrak have been expressed—by Roger Lewis, its president, who thinks things may be looking up, and by Southern Pacific President Benjamin F. Biaggini who says the quasi-public rail passenger operation is destined to disappear. The long downtrend in passenger traffic was apparently reversed in the first quarter of 1972, according to Lewis.

He told the Chicago Traffic Club that while the 1972 budget of the National Rail Passenger Corp. had been prepared on the assumption that its revenues would level off, there was actually an increase of 8.1% in the first three months of the year.

"It is too soon to draw any sweeping conclusions from these figures, but I do feel that this does give us a solid basis for hope, if not downright optimism, that we have turned the corner," said Lewis. He added that the upturn had come prior to the introduction of refurbished equipment, tour packages and widespread fare reductions.

Any change in rail passenger trends would seem only to postpone the inevitable as seen by Biaggini who predicted at the Houston Society of Financial Analysts that Amtrak will not die, it will just fade away. He said there is no market for long-haul, intercity rail passenger service.

Biaggini observed that burdens imposed by the rail passenger business have been too great to be borne by private enterprise and that "the taxpayer should not have to pay for them either." He continued that Amtrak "is an exercise we had to have" but the subsidy, which will be in excess of $200 million annually, could soon lead to the demise of all Amtrak trains except those in the densely populated Northeast Corridor. "My guess is Amtrak will fade out of the picture in the next few years," predicted Biaggini.

For the time being, Amtrak was trying. It reported that 81% of its trains arrived at their destinations "on time" (within 5 minutes of the scheduled arrival) in the first quarter of 1972. Issuing the first of what will be regular performance reports, Amtrak said short-haul trains on 14 routes which make up about 77% of all Amtrak service were 84.9% on time. New York-Washington Metroliners racked up an 85% on-time record, 22% better than that in the final quarter of 1971. Despite bad weather west of Chicago during January and February, long-distance trains were on time 61% of the time, an improvement over the 53.8% in the final quarter of 1971.

On June 11 Amtrak will introduce a new fare plan which calls for reductions in basic fares of 10% to 25% on ten routes in the East, Midwest and on the West Coast. There will be increases of 5% to 10% in rates elsewhere. The major goal is to fill empty seats on "problem routes." The fare structure inherited from predecessor railroads, said Lewis, priced Amtrak out of certain markets. Elsewhere traffic has been very good and Amtrak was getting too little.

Pan American commissioners sworn in

Five of President Nixon's recent appointees to the U.S. National Commission in the Pan American Railway Congress are sworn in by Hampton Davis of the State Department (center). The new commissioners are (from left) Stephen Ailes, AAR president; George M. Stafford, ICC chairman; Nils A. Lennartson, RPI president; W. Graham Claytor, Jr., president of the Southern; and Lester J. Dorr, executive vice president of the National Industrial Traffic League. Two other appointees were not present: Thomas M. Goodfellow, former AAR president, and Federal Railroad Administrator John W. Ingram. Other Commission members are Donald S. Beattie, executive secretary, Congress of Railway Unions; Paul H. Croft, Jr., president of American Short Line Railroad Assn., and Charles A. Meyer of the State Department.

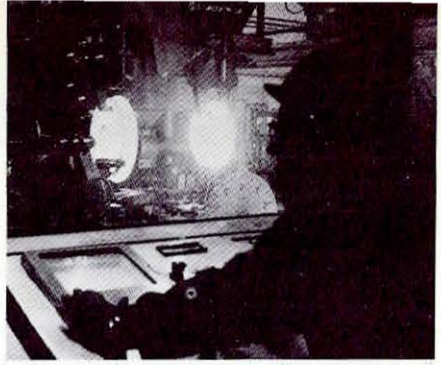
P-S: Back to work at at Bessemer

Just one freight-car order does not a bonanza make—but one order, from Seaboard Coast Line for 500 box cars—*will* be enough to get Pullman-Standard's Bessemer, Ala., carbuilding facility back in operation. P-S had closed Bessemer late in March because of a lack of orders (RA, April 10, p. 18). Simultaneously ACF reported continuing, reduced-level operation.

In announcing its order, P-S President E.T. Ahnquist noted that SCL "has been a long-time customer of Pullman-Standard, and we're especially pleased to have such an order in this relatively slack period for freight-car business. Our Bessemer plant people are anxious to get back to their jobs." What they will be building will be waffle-side cars, 50-foot and 70-ton capacity. Pullman's Butler, Pa., plant also checked in with a new order—from Illinois Central, for 300 100-ton covered hopper cars.

Chairman John F. Burditt told ACF's annual meeting that "if the recovery of the general economy is as vigorous as most economists now anticipate, 1973 should be a considerably better year for the freight-car building business generally, and for ACF in particular." Earlier ACF President Henry A. Correa had noted that while the carbuilding industry has been in a slump, ACF is in a relatively "comfortable" position.

"We have enough business booked—except for tank cars—to keep us reasonably busy into the fall, even though daily production rates are well below capacity," said Correa. He added that reduction of profits in the car divisions is being offset by increased earnings in others of ACF's diversified operations.



USS opens new wheel line

A new production line capable of turning out a rolled car or locomotive wheel in four minutes in one hot-forming sequence has been put into operation at U.S. Steel's Wheel and Axle Division at McKees Rocks, Pa. The high-speed production line combines a new 10,000-ton two-step forging press and eight-stage rolling mill with a coning press that produces the wheel's final configuration. The new heat-treating furnace and rim quencher can process wheels to temperatures as high as 1,650 degrees F to achieve rim hardening and stress relieving. Other new facilities include a shop for finish machining and an automated inspection line.

AAR holds L&D seminar for Campbell

What does the average shopper do when she picks up a dented can from the shelf at the local supermarket? Most likely, she puts it back—and that's exactly what Campbell Soup doesn't want her to have to do.

The Campbell Soup can—and ways to prevent it from being dented—were discussed in detail at a special 3-day Better Freight Handling seminar held at the AAR Research Center in Chicago, May 9-11. Participants were AAR researchers and members of the Freight Loss & Damage Prevention Section, along with 26 transportation and distribution managers from Campbell Soup's U.S. and Canadian operations. The AAR has, of course, held a number of Better Freight Handling seminars in the past, but none such as the Campbell Soup seminar, which dealt strictly with ways to solve a single shipper's distribution and materials handling problems.

Subjects discussed ranged from track/train dynamics to warehouse handling and included loading methods and load inspections. In summing up the benefits gained from the seminar, J.W. Brotsker, Campbell Soup's director-distribution, said, "I think it's clear to all of us—both shipper and railroad—that there's a need for good cars, especially those with inflatable bulkheads, and that we, the shippers, have got to load the cars properly, and the railroads have to handle the trains properly.

"First of all, we've all got to see to it that the product gets to the customer in good shape. Also, we can't forget the all-important bottom line of the financial statement. I think the seminar helped shipper/carrier rapport, and that is something that's definitely needed."

Campbell Soup's ratio of claims to freight bills for both rail and truck transportation services is 2.5%, about equal to the national average. Freight loss and damage claims collections for this billion-dollar company are sizable. "Maybe we can never eliminate claims altogether," conceded A.R. Lupcho, Jr., manager of Campbell Soup's freight claims department, "but we should do everything possible to stop the damage from happening. Ten years ago, claims were handled without a great deal of investigation. But, not any more—we have to negotiate with the carriers on claims, and some of them are very tough."

Railroads are mounting a campaign to lower damage, too, especially with the important 15-category group of cargoes that account for approximately $150 million in claims against them each year, remarked R.A. Grover, director of the AAR Freight Loss & Damage Prevention Section. Canned and frozen foods are among the commodities on this high-cost list. Railroads' ratio of loss and damage payout to revenues was 1.88% in 1971, he added. Seminars such as the one held for Campbell Soup, along with basic research into loss and damage prevention field, should play a key role in lowering the claims-to-revenue ratio to at least 1.2% before the end of the decade, Grover said. Until 1954, the ratio had held fairly steady at the 1.2% level, he added, but from then on it rose steadily. Finally, in 1971, the trend was reversed, and Grover feels that the ratio will continue to drop as activity in the freight loss and damage prevention area is stepped up by both railroads and shippers.

RPI urges quick action on aid

"Prompt and favorable consideration" of legislation giving Federal assistance to railroads has been urged by the Railway Progress Institute. Nils A. Lennartson, RPI president, pointed out to the House Commerce Committee that "the depressed state of railroad earnings has resulted in a very critical situation for the builders of freight cars, locomotives and their components."

He explained that suppliers are closing plants and laying off large numbers of employees. "The railway supply industry must be preserved if our nation's railroads are to be preserved," warned Lennartson. The current backlog of freight cars in carbuilder shops "is the lowest in four years" when it bottomed out at 12,688 in October 1968 just prior to restoration of the 7% investment tax credit.

RPI urged Congress to authorize Federal loan guarantees to "let railroads now lacking capital to have the power to buy rolling stock, as well as upgrade their tracks and yards." The group also supports other items of assistance in the Surface Transportation Act—easier abandonment of unneeded lines, reduction in discriminatory taxation and aid in grade crossing work.

Lines on Labor

GUS WELTY

AND THEN THERE'S '73. . .

Just so nobody gets *too* relaxed during the remaining months of 1972, let the record show that the shopcrafts are already taking dead aim on 1973, when the next round of rail-industry wage cases can begin. And what do the shopcrafts appear to want? Start with the moon, and toss in a few planets for good measure. Delegates from the six unions have mapped out a program of economic goals—some, many or all of which may be targets for '73. Among those goals: (1) A 30% wage increase; (2) a cost-of-living escalator; (3) a guaranteed annual wage; (4) a four-day, 32-hour work week at 40 hours' pay; (5) double time for Saturdays, Sundays and holidays; (6) various differentials; (7) four more paid holidays, and improved vacation schedules; (8) greater restrictions on farming-out of work; and, of course, (9) elimination of the so-called incidental work rule.

IS ANYBODY LISTENING—SUCH AS CONGRESS?

Times change, and so do life-styles. Leaving aside for the moment the question of inflationary pressures, you might be able to make a case (of sorts) for some of the shop crafts' goals. But there's something terribly ironic in the fact that it's the *railroad* industry that's about to be hit with these demands. And yes, that's the same railroad industry that Congress has been fretting and fussing with for a long time, in trying to figure a way to keep labor disputes from turning into transportation tieups and in trying to find acceptable ways of lending a hand to a troubled industry. Yet, the Congressional lend-a-hand program seems to be foundering. And as for new labor legislation, the closer Congress gets to political-convention time, the less likely it is to act—barring some new crisis in transportation. At this point—with West Coast dock workers deciding not to challenge the Pay Board, with an emergency board urging restraint in Penn Central's crew-consist dispute with the United Transportation Union, and with an apparent agreement in the last-remaining unsettled wage case—it appears that Congress may be off the hook.

LIFE-STYLE: A PROBLEM FOR MANAGEMENT, TOO

Mention of changing times and changing life-styles in connection with union goals also brings to mind another national-in-scope problem facing management—the complex problem of attracting, motivating and retaining division-level operating managers for jobs that are far out of line with the current 9-to-5, 5-day-week life-style. As the American Association of Railroad Superintendents puts it in a report to be discussed at AARS' annual meeting in Chicago June 13-15, "Often the pay offered for management positions is not competitive with other industries and with pay for less-responsible positions covered by the [labor] agreement. Many line management positions require that the individual work long hours with few days off, devoting nearly all of his waking hours to the railroad and little to his family. This is not compatible with present life-styles and is not competitive with other industries."

So, in between worrying with union demands, maybe more thought ought to go to improving the lot of the manager—because if ever an industry had vital need for quality line management, railroading is it.

Commoditrain: Running again

Anybody who thought Chicago & North Western's "commoditrain" service was a one-shot deal didn't know C&NW, its operating employees or, for that matter, the satisfied customers who used the service last year (RA, Sept. 13, 1971, p. 16; Nov. 8, 1971, p. 24). Commoditrains are back in business, again hauling sand and gravel from South Beloit, Ill., to three points in the Chicago area. And this commoditrain operation may be only a beginning.

North Western President Larry S. Provo puts it this way: "When we began our commoditrain service, we felt we would realize as much as 500% improvement in the utilization of freight cars, as we provided faster and more dependable service to our customers. In addition, we felt the new business attracted by the service would create new job opportunities for our people. The operation last year exceeded our forecasts. Our people like to work the new trains, our customer is now a fan of rail service, and we are getting maximum productivity out of the locomotives and cars used in the service."

What comes next? North Western, Provo says, expects to see the service expand "before the end of the year. We are now discussing the development of new commoditrains with potential customers in other industries and other states, as well as with other aggregate producers."

Between the time the service was begun in 1971 and the end of the shipping season, C&NW commoditrains moved about 50,000 tons of sand and gravel on a three-trip-a-week basis. The 1972 operation, it is estimated, will involve movement of more than 234,000 tons—the equivalent, North Western says, "of more than 9,000 trucks carrying the biggest loads allowed."

Agreement between the railroad and the United Transportation Union and the Brotherhood of Locomotive Engineers has made the whole thing possible. Under the agreements, three-man crews operate the trains—crossing seniority-district lines and doing what would normally be considered as separate road and yard work.

Says Provo: "The success of the commoditrain idea is the result of four-way cooperation and coordination to get a job done—the railroad, its unions, and its shippers and receivers. All have to work together. When they do, successful new services such as our commoditrain result. And you can bet we're going to continue to work to develop more new service ideas wherever we find a demand for them."

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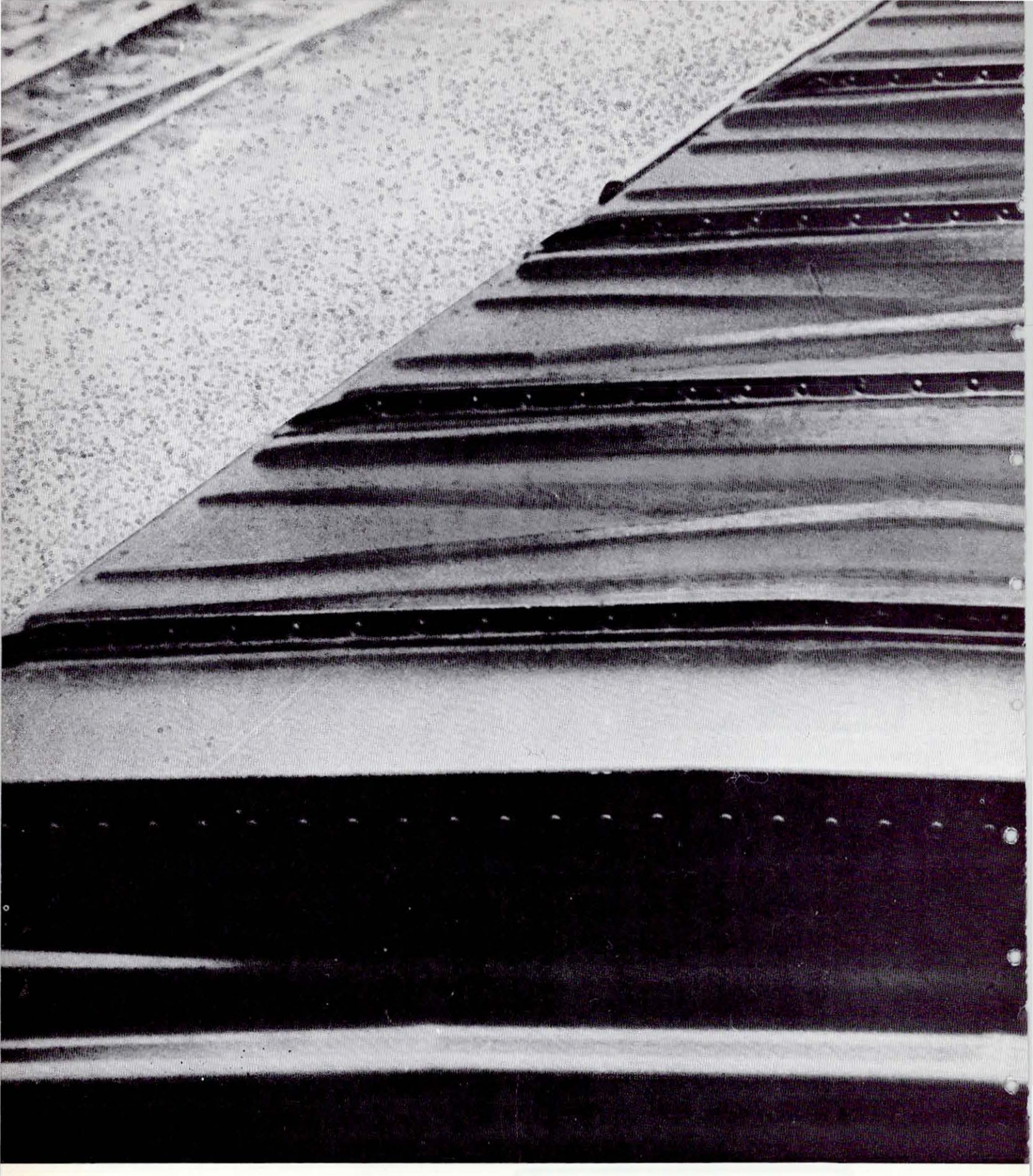
Circle 11 on coupon page 61



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Stanray Box Car Roofs are subject to very little strain because the X-Panel (shown above) and the Diagonal Panel Roof are designed to resist the two greatest stresses—twisting and racking.

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STANDARD RAILWAY EQUIPMENT DIVISION
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Circle 12 on coupon page 61

Soo, Mead utilizing contract rates

A decade or more ago, the Soo Line fought long and hard to convince the regulators of the benefits of the guaranteed or contract rate. Soo didn't win its case then—but the idea didn't really die. Annual rate quotes are fairly common—and, working with The Mead Corp., Soo has now come up with a five-year rail rate package that covers movement of pulpwood from five concentration points in Michigan to a new Mead pulp mill near Escanaba. Essentially, the package will provide:

—Lower rates for the shipper, if he meets monthly and annual carload requirements and ships a minimum of 20,000 loads over 60 months. Under the intrastate tariff which became effective in April, the annual minimum is 3,700 cars and the monthly minimum is 260 cars.

—Better equipment utilization. Mead has set up its pulpwood gathering and storage system to permit year-round loading and stockpiling. Cars used in the service are from a fleet of 70 61-foot bulkhead-end gondolas recently delivered by Thrall Car. The cars have self-cleaning capability; and are designed to hold predetermined weights of pulpwood, which simplifies things by eliminating the need for weighing and permitting minimum loadings to be specified in terms of cars rather than weights.

—Revised demurrage rules which tie Soo's operating schedules with Mead's loading and unloading practices.

—Rail movement within the framework of existing schedules.

—A one-month-per-year waiver of the minimum loading requirements to allow for normal yard and mill maintenance.

Ray H. Smith, Soo's assistant vice president-traffic, calls the rate plan "a breakthrough for the industry, because it will enable us to handle large volumes of traffic with an unusually high degree of equipment utilization. Carrying the minimum-volume requirements over a five-year period takes us at least five years down the road toward realization of projected rates of equipment utilization and return on investment."

Scott Walker, coordinator of rail transportation for Mead, agrees that the idea may spread: "In the past, inefficiency and waste have been too much a part of the traditions of pulpwood transportation by rail. We've shown that by having railroad people and those in wood procurement and traffic work together closely, even old traditions can be changed. In this case, a joint effort produced an efficient system."

How efficient? Well, Soo says, "First indications point to greatly increased equipment utilization and to little, if any, administrative problems in implementing the new rates."

Coal to continue moving by rail, NCA head predicts

Coal—and there are 1.5 trillion tons of coal in reserves already mapped and explored—might well be the solution to the energy crisis in the United States. For railroads, it means coal hauling will probably be around for a long time to come.

Alternates to coal as fossil fuel sources include fuel oils, natural gas, liquefied natural gas (from foreign sources) and synthetic gas which can be obtained from coal. At present, the U.S. imports about 8.5% of its fuel requirements. However, the disadvantages of importing fuels include the sizable deficits in balance of trade, concern that foreign countries may raise fuel prices, nationalize U.S. production facilities or simply cut off imports to the U.S.

Several pilot projects are now under way to obtain gas from coal. Commercial plants could be ready by 1980 to produce at least 250 million cu ft per day and consume 6 million tons of coal a year, reports Carl E. Bagge, president, National Coal Association. To be commercially feasible, this gas would probably have to be produced by mine-mouth plants located where strippable coal can be obtained.

"However, the gas produced by these plants will not be inexpensive. Its cost is expected to be competitive with other substitutes for natural gas—but probably out of range for industrial and electric utility use so long as another energy source is available," Bagge said. A low-BTU gas can be produced from coal and could be used in conventional boiler equipment without air pollution. It would not be economical to move this low BTU gas by pipeline, "so the logical way to use the process is to install the gasifier at an industrial or electric utility plant and haul the coal there by conventional means," he continued.

Low-BTU gas "opens the door to a new power generation process—the combined cycle system—which has an indicated efficiency of about 55% instead of the 38% which is a good rating for modern conventional generating stations. In the combined cycle system, low-BTU gas from the gasifier is burned in a gas turbine which spins a generator, and the exhaust gases are passed through a boiler where they make steam for a second turbine and generator," Bagge explained at the recent annual conference of the Great Lakes States Industrial Development Council.

For the near term—say to 1980—much of the coal for the Midwest will come from the low sulfur coal deposits in western states such as Wyoming and Montana. However, by 1980, Bagge predicts that low-BTU gas from coal will be a practical reality, making coal in the Midwest and Appalachia available for electric power generation. "This form of gasification [low BTU gas from coal] represents no threat to the railroads, for the coal must be hauled to the point of consumption. High BTU-gas will not endanger present railroad traffic, either, for it will be used almost entirely to supplement natural gas, and that fuel has already exerted upon the railroads whatever effect it is going to have," Bagge said.

He subsequently appeared before a Senate commerce subcommittee to express coal industry support for a government-guaranteed loan program for railroad rolling stock. Spurning a car-owning government agency, Bagge testified that "the railroads are in the best practical position to know the needs of their shippers and are obliged to provide adequate equipment." He added that the hopper-car supply problem would be eased if utilities and coal producers got the same writeoff for new cars as the railroads. Bagge also urged that none of ICC's rate authority go to DOT.

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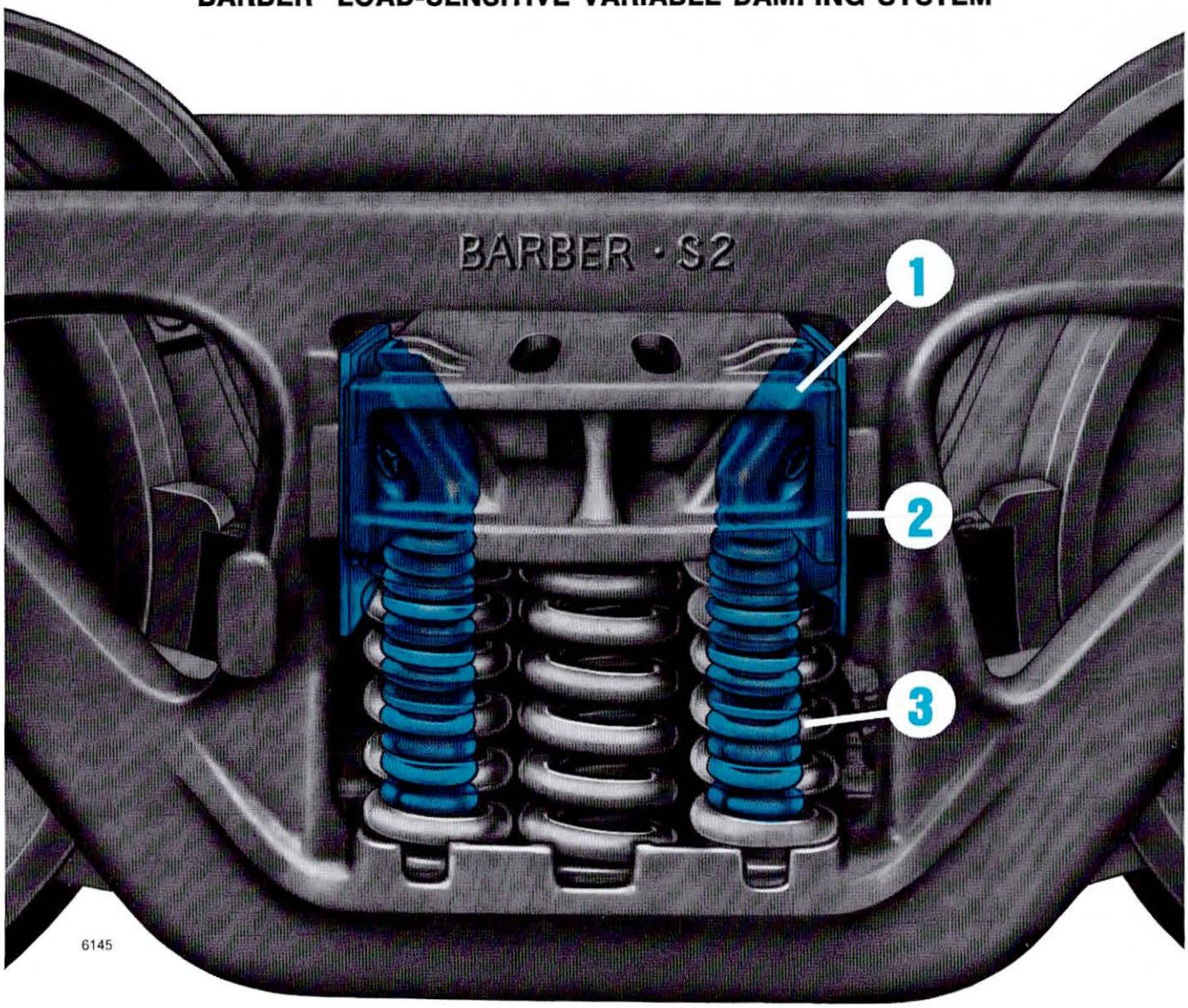

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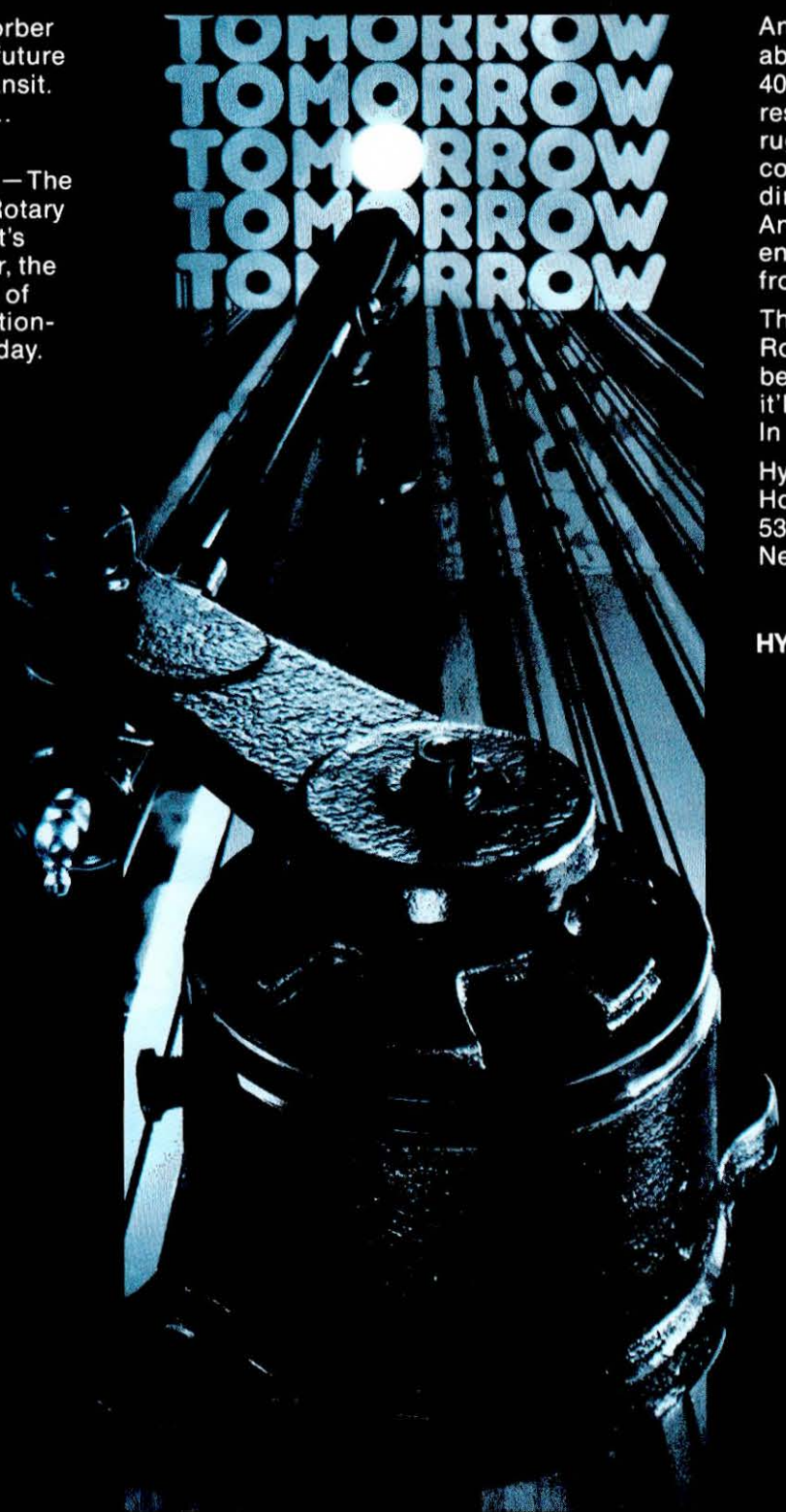

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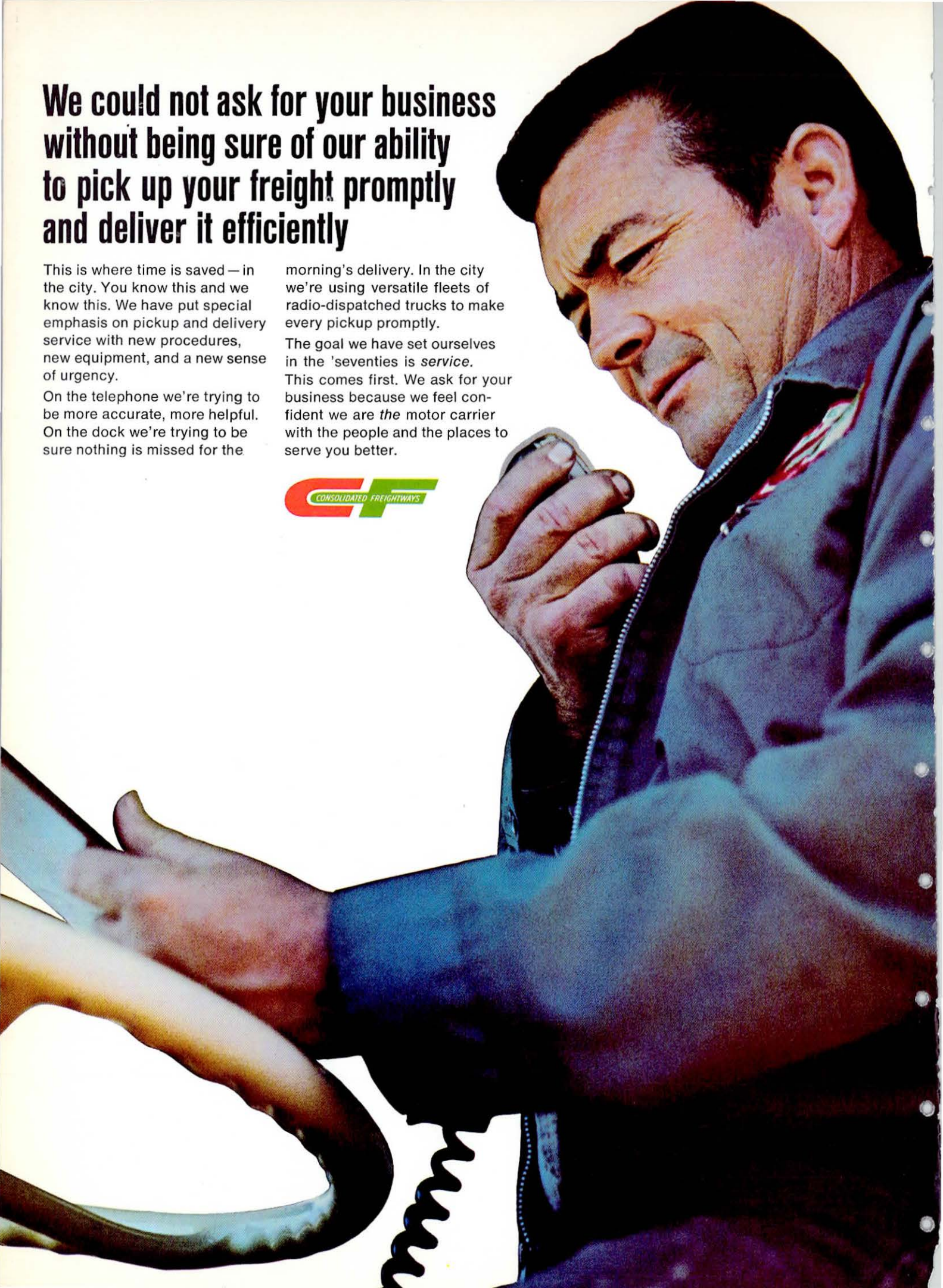


TOFC/COFC HITS ITS STRIDE AGAIN

WEEKLY TRAILER LOADINGS—A PATTERN OF GROWTH*

Week Ended	1972	1971	1970
Jan. 8	36,941	37,020	40,143
Jan. 15	38,938	40,390	43,184
Jan. 22	40,965	40,488	43,406
Jan. 29	43,195	41,297	47,954
Feb. 5	44,996	41,789	45,496
Feb. 12	43,305	42,464	46,904
Feb. 19	45,100	41,651	47,078
Feb. 26	43,536	44,151	45,885
Mar. 4	48,257	43,350	46,527
Mar. 11	46,592	43,573	48,015
Mar. 18	46,351	43,918	48,687
Mar. 25	47,767	44,342	47,215
Apr. 1	43,999	44,532	42,472
Apr. 8	44,057	40,655	39,655
Apr. 15	45,120	40,397	37,763
Apr. 22	46,207	40,579	40,241
Apr. 29	48,798	43,326	42,749

**Including mail and express.* *Source: Association of American Railroads.*

By **GUS WELTY**, Senior Editor

It may be too early to dust off the superlatives—but on the basis of performance over the first four months of 1972, TOFC/COFC is well on its way to re-establishing the steady growth patterns of the 1960s.

As usual, the piggyback business has its share of problems. But there also seem to be more significant plus-points than there have been at any time over the past couple of years. On the positive side:

—Roads which managed to avoid the recent downturn (and there were more than a few of them) are consolidating their gains and making new ones. Roads which were hit by the TOFC/COFC recession are experiencing a turnaround.

—TOFC/COFC service, both in the terminals and over-the-road, is showing improvement at key points and over key routes. Piggyback seems once again to be getting the priority treatment it got during the big growth years.

—COFC continues to grow rapidly, from its small base. And at long last, minibridge is emerging as a definite part of the rail service package (see the following story).

—Piggyback pricing, pushed somewhat out of line in recent rounds of rate increases, is getting the individualized attention it needs. Non-competitive rates are being adjusted, where possible.

—Management enthusiasm for TOFC/COFC does not seem to have been turned off by the 1970-71 turndown. On the contrary, the push for development of intermodal traffic appears to be stronger than ever.

• **Up, up, up.** The week-by-week table on TOFC/COFC (above) shows what has been happening in '72. In the third week of the year, trailer/container loadings edged past 1971 loadings and, with the exception of two weeks, '72 has been on top ever since. In the first week of March, '72 loadings went ahead of 1970 figures and, again with the exception of two weeks, this year's loadings have remained ahead.

Barring a repeat of last year's labor troubles on the railroads and on the docks, the men who know piggyback best expect this trend to continue—and perhaps to accelerate with continuing improvement in the economy.

A fast swing around the country makes it clear that not all roads are yet

benefitting from the upswing. Both east and west of the Mississippi, there are a few carriers with 1972 piggyback volume only equaling—and even dropping below—1971 levels. But, there is also a Penn Central, with volume up by about 12% for the first quarter. . .a Seaboard Coast Line, with both trailers-handled and revenue figures up by more than 20% for the first four months. . .a Louisville & Nashville, up 29% in trailer loadings. . .a Missouri Pacific, with a 15% first-quarter gain in trailer volume. . .a Chicago & Eastern Illinois, with a fantastic 48% increase in trailer volume (and this on top of a 13% jump in trailer loadings which C&EI posted during full-year 1971 over 1970 totals).

Generally, TOFC/COFC is showing strength in western territory. Among a trio of major roads, there is one posting gains of 6% in volume and 8% in revenues. . .another up more than 10% in trailer loadings. . .and the third ahead by 9% in revenues. Significantly, all three of these carriers are coming off a strong 1971 performance—and all three are confident of continuing growth.

• **On the other hand. . .** Predictably, however, not all is sweetness and light on the TOFC/COFC front. There are these worries, among others:

—Some business has been lost to highway carriers, partly due to past rail-service problems but mostly due to rate disparities created by round after round of increases. One specific trouble-spot noted by several piggyback operators is meat traffic. And, while some might inquire "When *wasn't* meat traffic a problem?" still, traffic-regaining adjustments are in process.

—Mail and express, only recently a "new business" item for piggyback, is well on its way to becoming a "lost business" item through no real fault of the rail carriers. M/E traffic slumped last year, and the bottom is really falling out in '72. This, incidentally, is a factor that tends to obscure the real nature of the TOFC/COFC comeback: The weekly loadings chart includes mail and express—and if these loadings were eliminated, the gain in freight piggyback volume (9.4% through April) would stand out sharply.

—Several TOFC/COFC operators are deeply concerned with what they see as questionable logic in the efforts of other roads to build piggyback volume. Not surprisingly, much of this concern centers on Penn Central. PC gets high marks for the service it is providing with its fleet of TrailVan trains and for its aggressiveness in going after traffic. But those on the outside looking in at PC have reservations about what may be happening to rate structures and profit levels. One observer calls the situation in the East "a kind of free-wheeling thing." Another goes a bit farther: "I'm afraid we're heating up for jungle warfare."

Terminal congestion, not over-the-road operation, has been one of the major growing-pain problems of TOFC/COFC. But foresighted roads, anticipating a resurgence of piggyback, have been using the past couple of doldrums years to get the terminals in shape for growth. Among them: Santa Fe, which recently opened this crane-equipped facility at Houston.

• **"Think small."** In the main, however, TOFC/COFC sales and operating people seem reasonably pleased with the way things are going. And one big area of potential growth, cited by several major roads, lies in what might be called the redevelopment of the small-shipments business—with United Parcel Service, for one, coming on strong and strength also showing up in movement of traffic of major merchandisers.

In this small-shipment context, recent comments by U.S. Freight—an organization with freight forwarding companies operating in all 50 states—are well worth noting. Last year, the USF companies used piggyback to move about 71% of an intercity volume that added up to 2.4 billion pounds of freight. And what's ahead? As USF sees it, piggyback is perhaps "the transportation industry's most impressive success story. For the railroads and the forwarders, it continues to offer the promise of a larger share of the total small shipments market and greater revenues and earnings. By serving as a catalyst for more imaginative, more flexible, more customer-oriented price and service concepts, piggyback can eventually become a practical, commonplace transportation tool for whole new segments of the shipping community. . .There is a large untapped piggyback market available for the rail and forwarder industries. This is in the area of short- and medium-haul small shipment transport—a market consisting of three-fourths of all small shipment volume in the United States transported by common carrier."

(Worth noting, too, are USF Chairman G. Russell Moir's observations on railroads generally: "I believe that the American railroad system is the country's single greatest transportation resource. It is still, inherently, the best of our common carriers in terms of speed, economy and consistency of service for long-haul shipping and is the cornerstone of the American transportation system—indeed, of our economy.")

• **Think positive.** USF's optimism is broadly shared—among carriers, shippers and suppliers.

Penn Central President William H. Moore, for example, thinks his road's new Intermodal Division can produce a 1972 volume increase of 30%.

Burlington Northern President Robert W. Downing, for another example, likes the looks of the long-range picture. The Industrial Trailer-on-Flat-Car Association (ITOFCA) is the nation's biggest single user of piggyback—and Downing made it clear at ITOFCA's recent annual meeting that there still exists the combination of conditions that permitted piggyback's rapid market penetration during the 1950s and '60s.

Among them: The basics of transportation economics which favor rail long-haul and truck pick-up and delivery. . .the continuing importance to shippers and receivers of truck and trailer/container door-to-door service flexibility. . .the technological developments, especially in terminal-handling equipment, which have enabled many roads to stay ahead of volume increases at key points.

Piggyback's future, Downing noted, should benefit from another combination of conditions—including industrial development at off-rail locations. . .the continuing industrial emphasis on reduction in inventory, "which permits piggyback to capitalize on the speed and flexibility inherent in a smoothly-functioning service". . .and technological improvements in all aspects of TOFC/COFC hardware.

BN's president also made clear what railroads will have to do: "The existence of a fine potential does not automatically insure that it will materialize. The railroad industry has work to do, if we are to earn business in increasing volume. Rail service, particularly through terminals, must be scrutinized to eliminate obstructions to consistent performance. Pricing structures must be thoroughly analyzed to insure that they are attractive to the customer and compensatory for us. In short, we must be able to offer the best-possible transportation product—and that is our goal."

• **"Growing optimism."** How about suppliers? So far as trailers are concerned, the biggest "supplier" is Realco, with about 24,000 units in service. And Realco finds cause to be bullish. "Much concern has been expressed over re-establishment of long-term growth," says President Robert E. Budorick, "and railroad people themselves have become somewhat guarded and reserved when it comes to projecting future growth. Now, however, there appears to be a gradually expanding air of optimism within the industry. Many individual and industry-wide improvements have been made in the important piggyback marketing areas of pricing, train-scheduling, terminal operations and piggyback equipment design—all aimed, obviously, at re-establishing the growth curve." As Budorick sums it up, "We're optimistic about the future of piggyback. *Our* customers are optimistic—and so are *their* customers."

Meanwhile, what about the COFC part of TOFC/COFC? What about this son-of-piggyback that has always had a future but never a present?

On the positive side, there is, of course, minibridge—for which a lot of people have high hopes. But, it is going to take a while before anybody can be sure what patterns are going to develop. If you accept the premise that the biggest market for minibridge and other international container traffic lies in import/export trade with the Far East, then you are going to be carefully watching the developing competition between West Coast ports. And, though much of the current attention is going to the California ports, railroads serving the Pacific Northwest are convinced that they are going to be the major rail beneficiaries of import/export containerization—because of the short-line sea route between the U.S. and Japan and because Northwest ports have room for expansion which other ports may lack.

At the same time, you also have to consider viewpoints such as those expressed by Norfolk & Western President John P. Fishwick—who noted recently that the container is "more a symbol than a system," and that if there is to be a free flow of containerized international traffic "many existing institutional agreements with respect to labor, customs inspection, insurance and carrier liability and rate arrangements among carriers are going to have to be modified."

Then, there are also the observations of Dr. Robert A. Bandeen, Canadian National executive vice president, finance and administration, and president of Grand Trunk Corp. Among his comments: "International container traffic will continue to grow rapidly, but the growth will nonetheless only be part of an over-all increase in the development of intermodal transport systems. We at CN expect that by 1985 intermodal transport systems will account for the movement of almost half the goods carried in Canada. . .The potential of the domestic container transportation market far exceeds that of the international market. . .It seems more than likely that where such ventures are of mutual benefit, railways and truckers will continue to become jointly involved, to varying degrees, in the development of intermodal transport systems—particularly intermodal transport systems for the movement of domestic containers."

• **Pro and con.** So, the debate and the soul-searching continue—which is hardly surprising, since development of container systems depends so much on agreement among entities with varying operations and interests.

Debate? Soul-searching? That is also the order of the day in conventional TOFC—with, however, a couple of differences. Conventional piggyback involves fewer of those separate entities with varying operations and interests. Conventional piggyback is a known thing, with a large and measurable base—as BN's Downing points out, TOFC loadings are now substantially exceeded only by loadings of coal, ore, grain and sand and gravel.

And, so far as the near-term future is concerned, the piggyback business—so recently down on its knees, if not flat on its back—is back on its feet.

TOFC/COFC
HITS ITS STRIDE AGAIN

Minibridge is here and it's healthy

A few years ago, when John A. Grygiel was heading up Santa Fe's market research operation, he was a familiar figure on the speech-making circuit. He talked a lot about a thing called landbridge—and its kid brother, minibridge. Some people believed, some yawned, some laughed.

Today, the believers are growing in number. And the yawners and laughers are looking just a bit sheepish. Landbridge may still be a ways off. But minibridge is here—and it shows every sign of growing into a major contributor to railroad revenues and profits.

At this point, specific numbers don't mean much, because the minibridge service is too new. What is important is the anticipated volume and the rate of growth. And Grygiel, now general manager-freight traffic at Santa Fe, is looking at a couple of things: (1) A market potential on minibridge import freight adding up to 1.8 million tons or more right now, and (2) steady increases in volume which will make unit COFC trains practical, perhaps by the end of this year.

• **Patterns developing.** By definition, landbridge is a through container movement with an ocean voyage on both ends and a rail haul in the middle. Minibridge merely lops off the ocean voyage at one end—for traffic moving between the U.S. East Coast and the Far East and for traffic moving between the U.S. West Coast and Europe. And on minibridge, two basic route patterns have developed—one involving a coast-to-coast rail haul, the other bringing ocean carriers to the Texas ports, with rail movement of containers between Texas and the West Coast. Volume has been building on both routes, but for both railroads and ship operators it seems obvious that the major future movements will use rail coast-to-coast.

The breakthrough came with Seatrain Lines (California) and Sea-Land Service Inc. Among the railroads, Santa Fe and Southern Pacific (via Houston) were leading off in the West, Penn Central in the East. But Erie Lackawanna is very much in the picture now east of Chicago, and there is certain to be a spread of traffic among other

of the western railroads.

Seatrain's opening shot at minibridge involved traffic moving between the East Coast and Hawaii; Sea-Land's covered traffic moving between Europe and the West Coast. Rail traffic men, however, are well aware that the biggest traffic flow could come when West Coast/Far East ship operators really get into the swing of things—and that may come soon. At least one major Japanese ship line has filed a minibridge tariff, and others are expected to follow along.

• **"The real potential. . .** As Santa Fe's vice president-traffic, Leo C. Hudson, notes, what has happened thus far "is part of what we were thinking about four years ago when we announced our landbridge plan. Third-nation traffic got a lot of attention then, but we have always known that the real potential lay in the minibridge kind of traffic. And we're confident that we can get more and more of this traffic on rails, with the right combination of pricing and scheduling."

What does this mean now in terms of rail revenues? At present, rate arrangements are on an interim basis. On the Texas/West Coast movement, there is a sliding scale which gives rail carriers $487 per container for movements of one to 20 containers; the division ranges downward to $450 per container for movements of 61 or more boxes. On the coast-to-coast movement, the rail division is $741.50 for one to 20 containers and $685.50 for 21 or more. The tariffs containing the through rates are published by the ocean carriers—and their rates are commodity rates, while the rail division is on a per-container basis.

First rates under these minibridge tariffs came into being in January and involved SP and Santa Fe on movements through the Texas ports. Tariffs involving coast-to-coast rail movement came along later.

What comes next? Hopefully, when existing six-month arrangements expire they will be replaced by tariffs which will continue in effect on a more permanent basis—and to Santa Fe, that means unit-train operations with dedicated equipment and closely-coordinated rail and ship scheduling.

• **Who stands to gain?** The advantages—to railroads, ship operators and consumers—seem obvious:

—Rail/water transportation-user costs are competitive with all-water costs. And there is a considerable time-saving if container ships can make one drop instead of unloading partially on the East Coast, for example, and then making the long voyage through the Panama Canal to a West Coast port. Savings vary, depending on how new or old, fast or slow, the individual ships are. But on the initial Seatrain move, President Frank D. Troxel cited an over-all transit-time saving of seven days.

—For the ocean carriers, time savings translate into capital-investment savings. With ships operating in just one ocean, fewer ships are needed.

—For the railroads, there is an attractive revenue picture taking shape. If the anticipated volume develops, rail carriers will be able to set up shuttle-train movements with a minimum of costly yarding and other terminal-handling. At some point down the road there may also be the possibility of using less -expensive flat-car equipment, built solely for container transport.

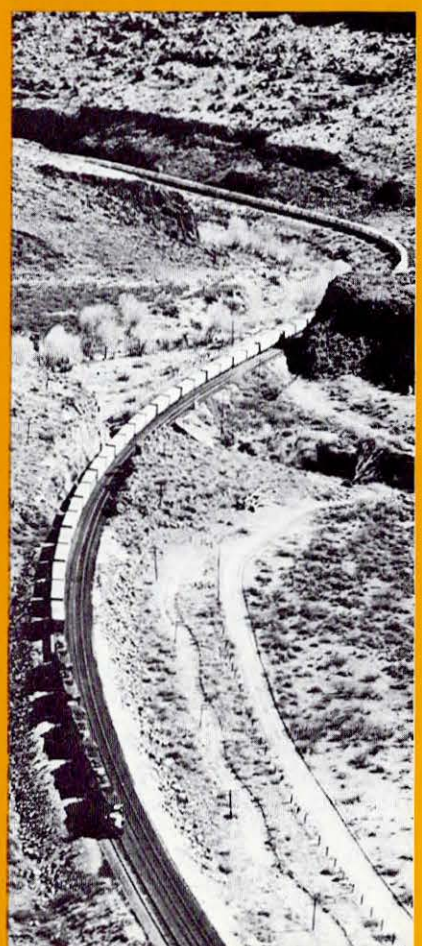
—For the consumer, there is the ultimate possibility of lower prices; while the U.S. manufacturer can look forward to lower transportation costs on exports. Although it is true that rail/water charges are not just competitive with all-water charges, there is the potential for rate revisions when both the water carriers and the railroads can realize savings from volume container moves.

In a way, 1972 seems like a strange time for something like minibridge to catch hold. Current economic policies are aimed at increasing exports and holding the line on imports—and it might seem as though a time of turmoil would be a bad time for new ideas. On the other hand, from a transportation standpoint, the greater the trade balance the better the movement patterns that can be established.

• **New rates, new schedules.** What Santa Fe's Grygiel has in mind for the future is a system of annual volume rates—X dollars for X volume of freight moved in X trains. It is not yet clear whether the rail part of minibridge will shake down to the operation of comparatively few big COFC trains or the scheduling of many shorter ones. But Grygiel is convinced that by the end of

Minibridge inbound: Seatrain containers are hoisted off the containership and trucked to Santa Fe's TOFC/COFC facility.

There, they're hoisted again, this time onto a flat car for the trip to the West Coast.



And away they go—this particular movement involving 98 containers from Europe to the West Coast, via Seatrain to Houston and Santa Fe the rest of the way.

this year, at least some ship operators will have the volume to require their own COFC unit trains. He sees the kind of operation in which a dedicated train would be making a minimum of 26 roundtrips a year between East Coast and West Coast—a timetable that might work out well, considering that coast-to-coast rail movements are now on a five-day basis. (This time, he says, might be shortened—but coordination between rail and ship operations is more important than flatout speed, and so railroads probably won't have to worry, yet, about setting up schedules comparable to that of a "Super C," which makes Chicago-Los Angeles in 40 hours or less. At the same time, Leo Hudson is looking down the line toward "an exciting era" in coordinated transportation, involving new concepts in high-speed rail transportation and perhaps even the Santa Fe-developed coaxial train concept.)

Extensive use of minibridge, of course, will require a certain commitment on the part of the ocean carriers—who will still be the tariff publishers. But the economics seem to make sense—and the ship operators already appear ready for the kind of coordination needed. (As one example, some operators are now trading ship capacity back and forth to try to insure that sailings are met at capacity and on schedule, regardless of whose containers may be onboard.)

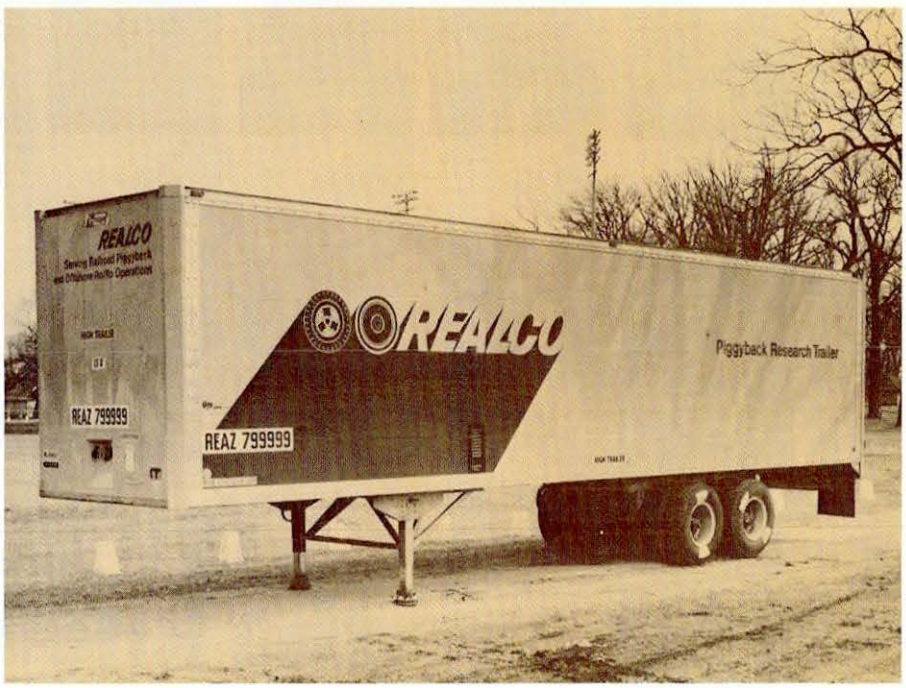
• **Port and rail competition.** There is also some question as to what a growing minibridge operation may mean to railroad competition. Thus far, service via the California (and Texas) ports and via New York-area ports has the jump. Port and railroad people seem sure they have the capacity, in handling facilities, to keep pace with the predicted growth. But Pacific Northwest ports and those farther south on the Atlantic Coast are not about to let the business go by default. And, in this day of rail merger and runthroughs, there are more no-delay rail routes than ever spanning the continent—not forgetting, by the way, Canadian carriers.

Under tariff circumstances, railroads are not (and probably will not be) too concerned about what they are hauling in those minibridge boxes. But, there should be some encouragement in the product mix. Take Santa Fe's example: From California to Europe, there have been loads of citrus juices, dates, cotton, machinery, lube oil and grease, borax, almonds, even scrap copper. Coming the other way, loads have included bicycles, tires, confectionery products, furniture, motorcycles, ale, cheese—and even some Rolls Royces.

John Grygiel sums it up: "The real money is in ship/rail coordination—and in unit-train operations. Right now, we're in a learning period—and it's going to pay off."

TOFC/COFC
HITS ITS STRIDE AGAIN

Trailer research aims at better service



Because it is fitted with a number of items under research, this new Realco dry van is a virtual traveling laboratory. New anti-lock braking system is a big item.

By ROBERT D. BARTLEY,
Associate Editor

Piggyback, the rail-traffic superstar of the '60s that has been in what some consider a mild slump these past three years, is currently getting a lot of solid support from many corners to help it regain its former stature. In the realm of vehicular development, for example, Realco is now embarking upon an ambitious trailer-component research program aimed at improving trailer performance while at the same time cutting maintenance costs.

Realco, which is the nation's largest piggyback trailer leasing and service firm with close to 24,000 units in operation, has just placed in Phase 1 of a closely-controlled test service an unusual trailer called "Piggyback Research Trailer—I." It will be placed in service in Puerto Rico, where its performance can be almost constantly monitored. On it are a number of special features that will not be found on many of the other 145,000 trailers that make up today's piggyback fleet, nor for that matter on the 1.8 million units that comprise the U.S. commercial trailer fleet.

Before being shipped to Puerto Rico for the test program, Piggyback Research Trailer—I was officially introduced at the regular meeting of the National Railroad Piggyback Association in Boston in mid-April. Prior to that, it was an active participant in an impressive demonstration of anti-lock braking systems for air-brake-equipped highway vehicles sponsored by Berg Manufacturing Co., Des Plaines, Ill., and conducted at the Bendix Proving Grounds, South Bend, Ind. (RA, Mar. 27, p. 18).

• **What's new and unusual?** The new trailer, says John A. Davies, Realco's vice president-equipment, is a "research program element that will help determine the specifications and construction materials and components of the piggyback trailer of tomorrow." Among its special features are:

—One-piece, polyester, fiberglass and plywood laminate sides.
—Anti-lock braking system.
—Spring-activated brakes.
—Foam-filled, puncture-proof tires.
—Automatic slack adjusters.
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(Continued on page 34)

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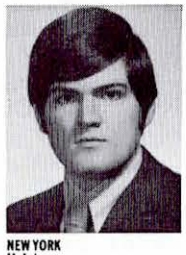

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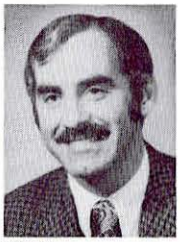

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Circle 15 on coupon page 61

(Continued from page 31)
rack assembly.

—New light fixtures, wiring harnesses and lenses.

—Five-ply plymetal doors.

One of the advantages of conducting the test program in Puerto Rico, explains Davies, is that highway speeds are somewhat limited, and the trailer will be operating in a relatively confined area. This gives researchers a better chance to see, for example, how the foam-filled tires will perform under the type of operating conditions a piggyback trailer is most likely to encounter in stateside service.

• The tire problem. Realco finds that repair and replacement of tires is by far the biggest and costliest of its maintenance headaches. As might be expected, this generally holds true, too, for other owners and operators of piggyback trailers. As was revealed in a limited—but well-documented—study made last year by the TOFC/COFC Committee of the Car Department Officers Association, tire repairs represent the highest single cost item in piggyback trailer maintenance. Furthermore, so far as repair incidences are concerned, tires lap most items in the component maintenance field several times over. Realco itself opened a new tire shop in the Chicago area last year to serve the heavy concentration of trailers there and to fulfill its inventory needs. Altogether, the firm has four major trailer repair installations at key points plus 55 mobile stations for equipment work. An extensive tire-service program, using both company vehicles and a large number of independent contractors has been developed in response to the growing tire problem.

While the foam-filled, puncture-proof tires on the research trailer are far from being ideally suited for prolonged high-speed, over-the-highway service, nevertheless Realco has high hopes for them. Laboratory tests indicate that they have sufficient stamina to serve well at the lower speeds and in the shorter highway and street runs where piggyback trailers usually perform. There is a side benefit to this type of tire construction, too—since they are regarded as unsuitable for lengthy, high-speed highway runs, the foam-filled tires are less apt to be stolen. Theft, of course, is another costly and aggravating problem which trailer owners and operators would like to see solved.

• King pins and doors. As recent investigations of TOFC operations are indicating, king pins on trailers are becoming increasingly costly sources of maintenance problems. Replacement of a scarred or otherwide damaged king pin might cost as high as $600, advised Davies. If the removal and replacement of the king pin could be simplified, reasoned Realco, costs could be reduced considerably. Therefore, a removable king pin, with its head slotted and body threaded, was installed on the research trailer. The pin is kept from turning while the trailer is in service by a pair of lock bolts accessible through the floor of the trailer.

Sturdy doors are fitted with several different types of securement devices.

The many special designs, material and component features of the research trailer's rear doors will also be evaluated by Realco during the test period. The same CDOA study that rated tires as the No. 1 source of trailer maintenance problems also indicated that doors rank second in terms of maintenance dollars spent. The doors ranked first, however, in average cost per repair. Davies feels that the new door construction along with the newly-developed heavy-duty door locks and other improved hardware should go a long way toward cutting trailer maintenance costs.

Perhaps the most remarkable component of the research trailer is its anti-lock braking system. A modification of anti-lock devices developed by Fiat of Italy for air-brake-equipped highway vehicles operating there, the system on the Realco trailer is capable of bringing both it and its tractor to an emergency stop without the wheels locking. Such a controlled stop helps maintain vehicle stability and steerability and also cuts down on stopping distances. Tire life is said to be extended, too.

• DOT has its say. Although it has been estimated that such an anti-lock device may be activated an average of only once in every 20 braking applications, it is regarded as one of the most important safety features to come along for highway vehicles in a long time. The Department of Transportation thinks so highly of the systems that it has issued an order that all air-brake-equipped highway vehicles built new after September 1974 be equipped with a device like the one which Berg-Fiat demonstrated. While it was participating in the demonstration at the Bendix Proving Grounds, Realco's research trailer exhibited remarkable stability in all types of road conditions when its anti-lock system was activated.

Realco expects to carry out its test program in Puerto Rico for approximately three months. From there, the trailer will be returned stateside where, according to a Realco spokesman, it will be offered to railroads for experimental shipments. In the interest of improving piggyback operations in the years to come, Realco says that it will even offer this one-of-its-kind trailer as a sacrifice—"to total destruction, if necessary"—in simulated hump yard experiments. In the meantime, says Davies, plans are being formulated to design "Piggyback Research Trailer—II." He is open to any suggestions railroads might have for "II" that might help piggyback to again become Superstar No. 1. ■

Reginald N. Whitman

FOR KATY, A LITTLE PROFIT AND A LOT OF HOPE

"Property improvement our goal"

Reginald N. Whitman, chairman and president of the Missouri-Kansas-Texas, has a history of tackling tough jobs. Twice while serving as an operating officer on the Great Northern he was loaned to the Alaska Railroad to help it through especially difficult times. More recently, he spent 17 months as Federal Railroad Administrator, at a time marked by development of some of the most important legislation affecting rail operations that has come out of Washington since formation of the Department of Transportation.

In moving on to the Katy less than two years ago, Reg Whitman didn't exactly leap into a bed of roses. The Katy has had its problems, but Whitman thinks they can be solved, in due time. Here, in an interview with Associate Editor Bob Bartley, he discusses some of the problems facing both the Katy and the railroad industry. It's worth noting that he feels that these problems can be transformed into opportunities for the carrier, shipper and the general public alike.

Q. 1971 has been called a very significant year for the Katy. . .

A. You might call it a turning point for this railroad. We more than matched expenses with earnings, ending the year with a profit of $21,000. This, incidentally, was our first profit year since 1963. But, that's not the thing that is most important to me. The important thing is that we have now proved to ourselves that we can operate the Katy on at least a break-even basis. We've got leverage now that we never had before. We know that we have the ability to make a profit.

Q. What were the key factors in reaching this new profitable status?

A. Our revenues, of course, were up—to over $74.2 million, an increase of about $4.8 million over '70. The real key, however, was a tight budget—a controlled budget, you might say. We actually spent about $1.8 million more for maintenance in '71 than in '70, but we made sure that everyone kept within the budgets allocated.

Q. Is your performance thus far this year keeping pace with last year's?

A. Actually, we didn't do as well in the first quarter as was planned. We lost a little money in January and February, as we figured we would. March was excellent, but a couple of derailments in February and a decision on back pay made by the Pay Board that we hadn't planned on more than offset the March gains. So, we finished the quarter about $300,000 off. But, we've adjusted our budget—as we plan to do each quarter—and by the end of the second quarter, we should be right back in the ballpark.

Q. What's the outlook for '72 so far as revenues and earnings are concerned?

A. We're looking for operating revenues of $80 million, up over $5.7 million from last year, while operating expenses should reach $58,373,000, giving us an operating ratio of about 73% close to what it was last year. After we pay all our equipment rents, joint facility costs, fixed charges, extraordinary items and so forth, we should finish the year with a small profit. So, as you can see, we're playing it pretty fine.

Q. By the looks of things, you're certainly not going after a big profit. What are your goals?

A. As a matter of fact, we're not trying

now to make a big profit. Instead, we're going to handle our money in such a way that we're putting most of it back in the property. We won't, of course, spend more than what our cash flow can handle. We're going very heavy into maintenance—especially track, which will account for about 16% of our operating expenses. That's high, but it has to be high on this railroad. Maintenance expenses for equipment will run 12% to 13%, much like on other railroads. Traffic expenses will be slightly less than 5%, somewhat higher than the national average, but that's because we're in a very competitive part of the country. Our transportation ratio will be 35% to 36%, which will be good if we can maintain it.

Q. Why does trackwork get a priority status this year?

A. In my opinion, there's a greater need now for improvements in fixed properties than in anything else—and furthermore, we need financial help to make these improvements. Regardless of how sophisticated our equipment becomes or how advanced we are with the technology to move this equipment, we have not kept up with this pace as far as track is concerned—not on a national basis, anyway. Some railroads—the wealthy ones—have, and they are to be commended. Unfortunately, we're not one of them. So, our main objective on the Katy has to be to round the property into shape.

Q. What's the big problem in attracting sufficient capital for fixed-property improvements?

A. Did you ever hear of the "hereafter acquired" clause? Back in the '20s and '30s, when railroads put up their bonds for property improvements, generally there was a clause in the mortgage contract that said it covered the property as it existed on that day as well as anything "hereafter acquired" for it. This means that, if you had 90-pound rail on the property in 1920 and you've since upgraded it to 115-pound rail, put in a lot of new ballast, new ties, replaced the old roundhouse with a new diesel shop and so forth, you still haven't increased the borrowing capacity of the property because of that first-mortgage clause. In most cases, you can't borrow five cents on track because of the mortgages, and usually your financial condition is such that you can't attract the necessary capital.

Q. Are there any solutions to these problems?

A. You've got to look at railroading as a system. A shipment doesn't always start out on a good railroad and end on a good one. And, really, in this business, you're no stronger than your weakest link. It is to the industry's advantage that the poorer lines be in better shape to accept all traffic and move it with the same efficiency as the affluent railroads. I think the suppliers of equipment have done an excellent job for us—their art is to the point where they can not only provide us with what we want, but go far beyond. But we haven't been able to get our physical plant in the kind of shape to keep pace with the equipment advances. The railroad industry as a whole has to pick up the costs of deferred maintenance—as a matter of fact, not only pick it up, but see to it that the track is upgraded so that we can employ all the technology that's available to us in equipment.

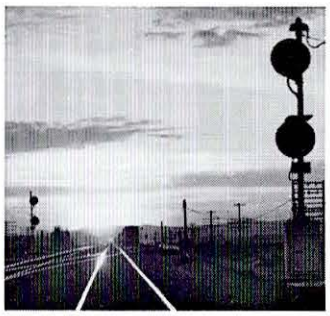
Q. Any chance in the near future for Federal participation in such a track project?

A. It was my opinion at the outset of the year that, since it is an election year, it would be very difficult to get any kind of legislation passed, especially since some of the proposals for railroad help are somewhat controversial to say the least. There are signs, though, that there may still be one or two bills passed. I'm hoping for the tax relief bill, plus another establishing guidelines for elimination of branch lines. And, there may be something come through on equipment. It's my opinion, though, that without a Federal safety program, we simply don't stand a chance of getting any kind of Federal financial help—for track, or otherwise—similar to that which is given other modes.

Q. You were deeply involved in the preparation of Federal rail safety measures, weren't you?

A. Yes. I was administrator [FRA] when the safety bill was put together—

"I believe there's more need now for improvements in fixed property than in anything else."



For those who say the railroads are at the beginning of the end,

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We're adding 52 new giant diesels and rebuilding 50 older units to provide a locomotive fleet producing over 3,850,000 horsepower.

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1910 additional cars are coming in 1972, including 100 of these giant refrigerated hoppers for in-bulk movement of potatoes, oranges and other perishables.

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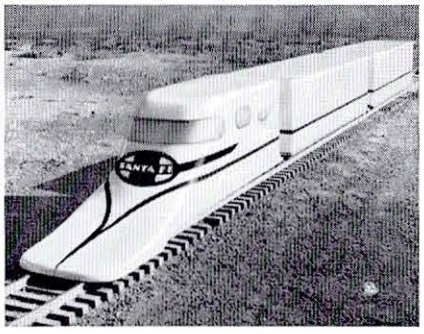

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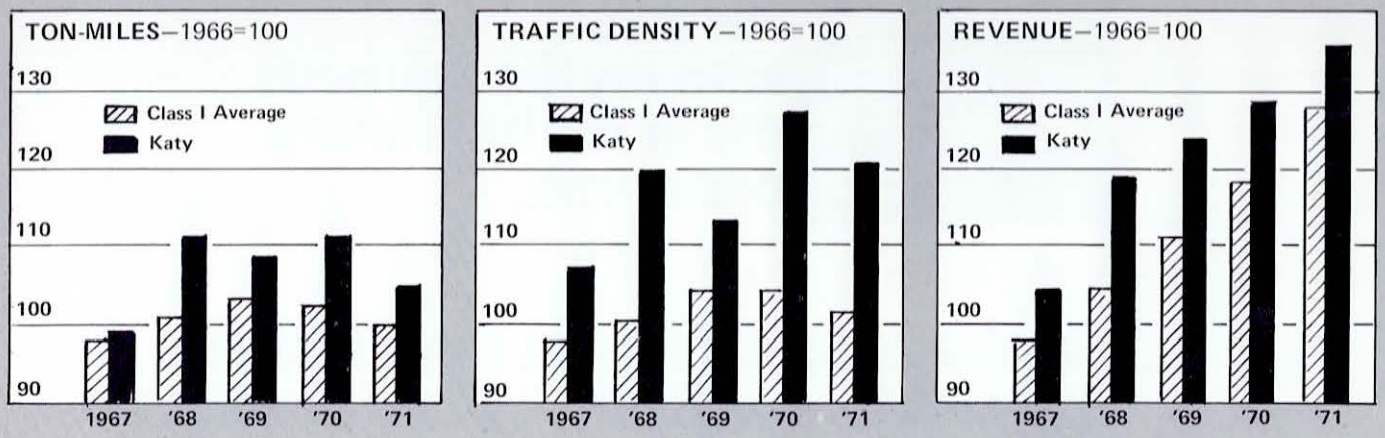
Circle 16 on coupon page 61

Katy: Up—in the right places



and I would like to add that this bill wasn't a one-way street, since DOT, the labor unions, the carbuilders and the AAR, all had a hand in preparing it. As is true with almost all legislation, this bill was a compromise and isn't exactly what everyone wanted. You know, I'm going to have the same problems living up to the standards now as everyone else, and I'm going to find it difficult to find the money to do everything I should be doing to live up to the standards and to do so in the time limits set for me. But, I'm willing to accept them because, in the final analysis, we'll have a better railroad system because of the standards set for us.

Q. What are some of the specific benefits that the railroads might receive as a result of the establishment of Federal standards?
A. For one thing, the Federal government will be more willing to help the railroads with research and development. That's something which the industry is really not capable of handling on its own. And, I think it's about time for greater uniformity in our business. In the airline industry, for example, you have the same landing regulations in effect across the country. And you can drive a truck across the country on a superhighway system and have no difficulty with rules and signs. But I doubt that a locomotive engineer could run a train from New York to California without getting thoroughly confused by all the different rules and regulations imposed by the different railroads and states they operate in.

Q. Speaking of states, do you think they may pile their regulations on top of the Federal regulations to further confuse things?
A. No, I think the states are too smart for that. I believe they'll avoid that pitfall. Of course, the Federal regulations specifically say that they [the states] could impose regulations, but not ones that are "statewide in nature."

Q. As administrator, you pushed hard for safety measures. Are you doing the same now on the Katy?
A. Yes, and I'm very proud of what we've been able to do in the field of safety. When I got here, we had a casualty ratio of 28—that's 28 injuries per million man-hours worked. We decreased the ratio to 15 in '70, and 11 last year. This year, we hope to go under 10. I think a bad safety record is an indication of poor morale. The morale on the Katy is excellent, which is one reason why I feel we'll go under 10 and stay there.

Q. A railroad's loss-and-damage record has been called its report card on how well it is performing. How's the Katy doing?
A. You might read in some publications that the Katy has a lot of derailments as well as damage. That's not true now—it may have been true some time ago, but we've added people to work on damage prevention, and we're clamping down on vandalism and theft. Actually, our L&D ratio is just about on a par with the national average. In fact, since we're no longer what you might call a granger road and are carrying more and more of the higher-rated goods, we're doing a lot better than the L&D ratio indicates.

Q. You no longer regard Katy as a granger road?
A. We were in the past, but like others, we're seeing less and less grain traffic and more manufactured goods traffic. Last year was a bad year for grain in our territory—drought hit us. And the pattern of grain movement is changing, although the foreign market may change things and bring us more traffic. Recently, we moved several 75-car trains of grain from Kansas City to Houston, where a boat was waiting. A fast move was needed, and we have the ability to move fast between those two points.

Q. Is the territory Katy is serving changing as far as the type of traffic produced is concerned?
A. Definitely. In my two years here, I've seen a trend toward manufactured goods, and new markets are developing for the Katy. One of the big advantages for a manufacturer moving here is the transportation. Climate is good, too, and water is plentiful. And, of course, we've got the wide-open spaces, and this may be a factor for industries thinking of moving because of environmental problems in the East.

Q. Then, you think that the Southwest represents a real growth area?
A. We're in training on this railroad now, getting ready for the new business that's coming this way. We think we have the best industrial district in Dallas, and we do have the short routes between principal cities—Tulsa, Oklahoma City, San Antonio, Dallas and Houston. Also, a lot of smaller towns in between seem to be targets for industrial growth in this territory. So, this is definitely a growing area, and we plan to grow with it.

Q. But, you're not quite ready?
A. Not quite, but we're getting there. First, we've got to get our railroad finished—completely finished, not just a patchwork job. When we get our roadbed in shape to accept new rails, then we'll start a rail program. Right now the Number 1 job is to replace ties and ballast. We've simply got to improve our facilities—we've been making these improvements and hope to continue to do more—so that we'll be ready for the increase in business that's surely coming. DOT says business for the railroads will increase 50% in the next 10 years and 100% in the next 20 years. We're going to get our share of it.

HIGH-RATED TRAFFIC IS ALSO A KATY GOAL p. 47

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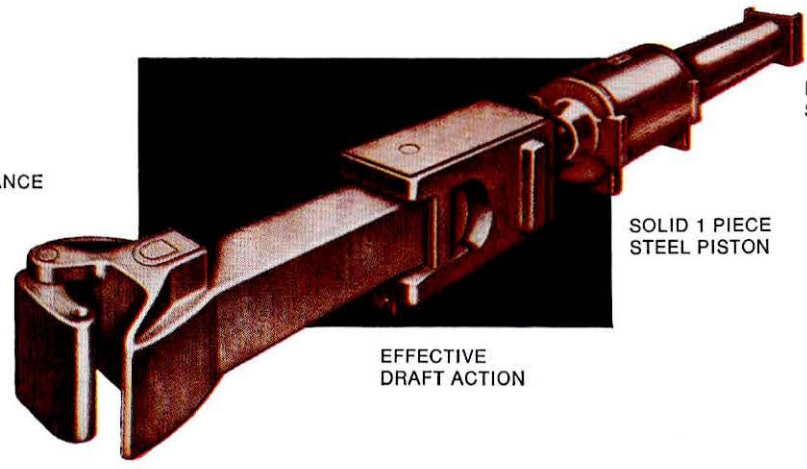

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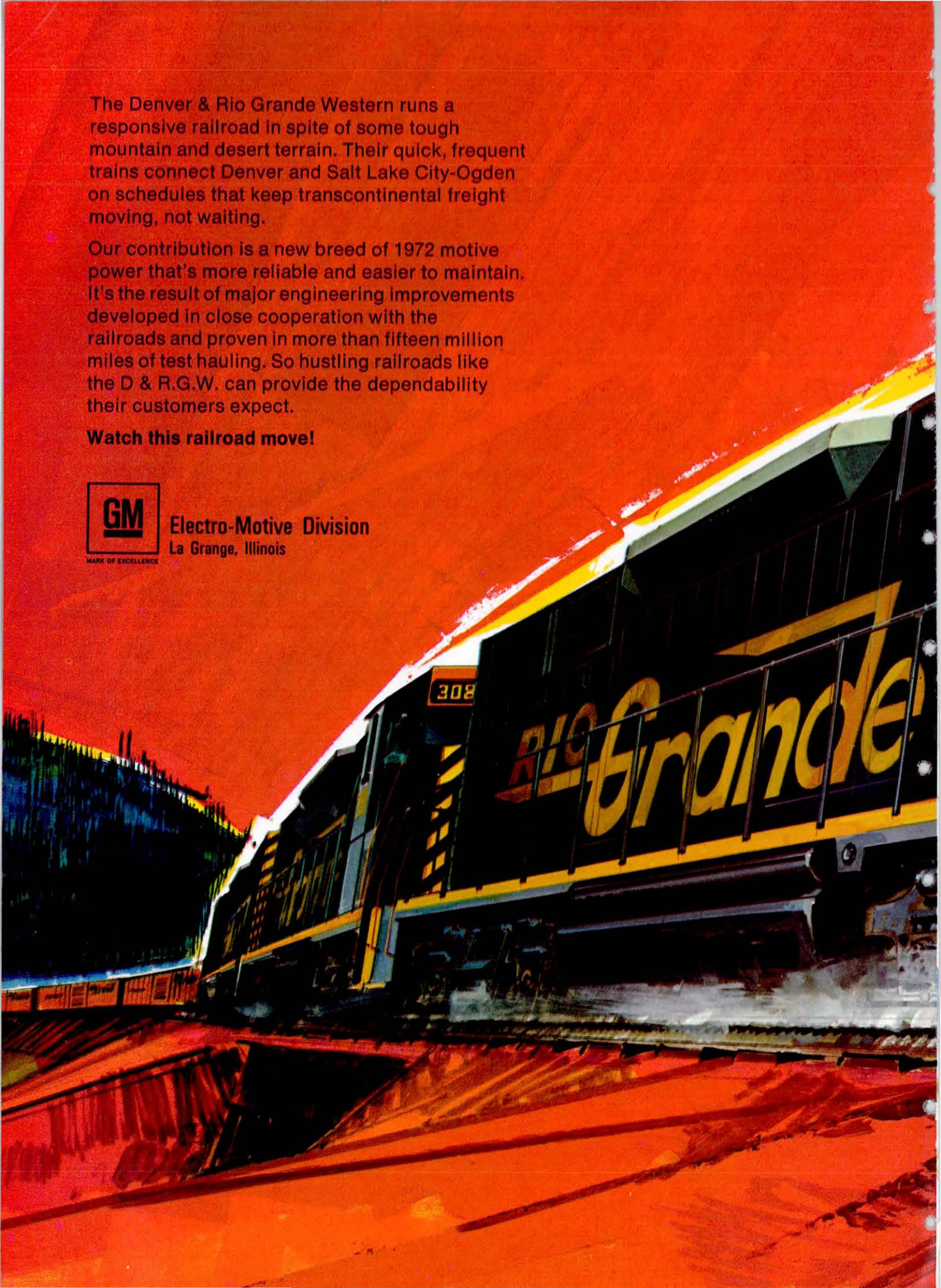

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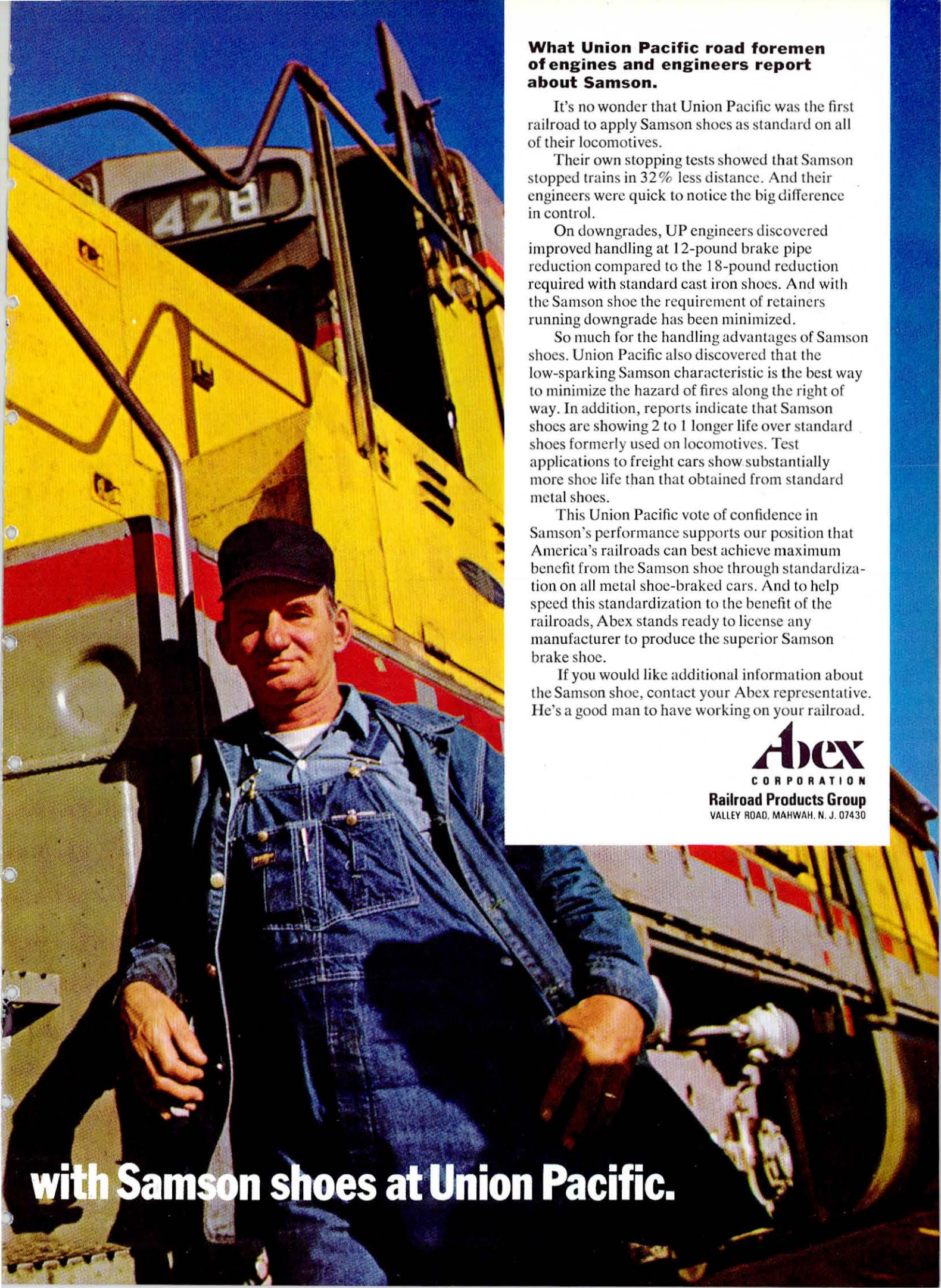

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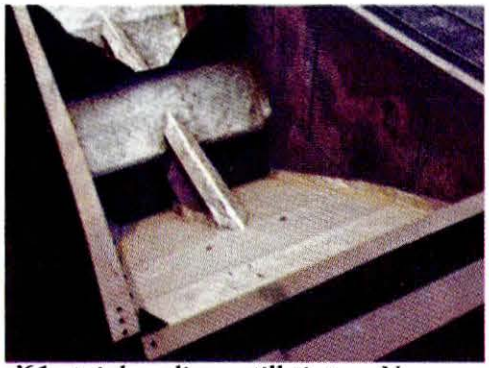

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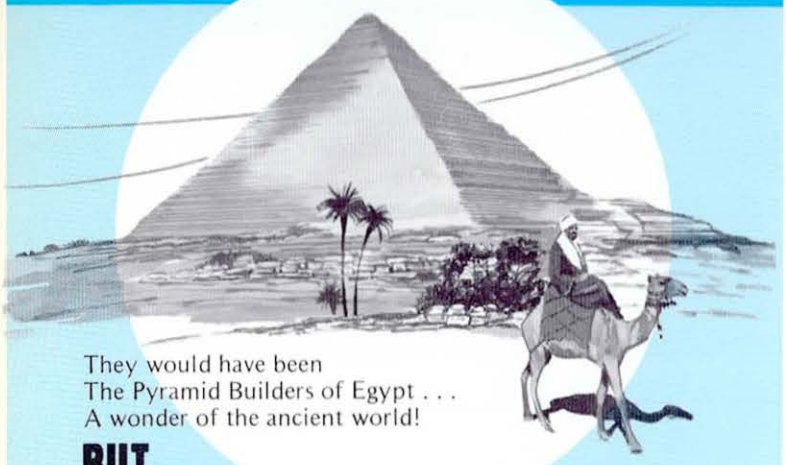

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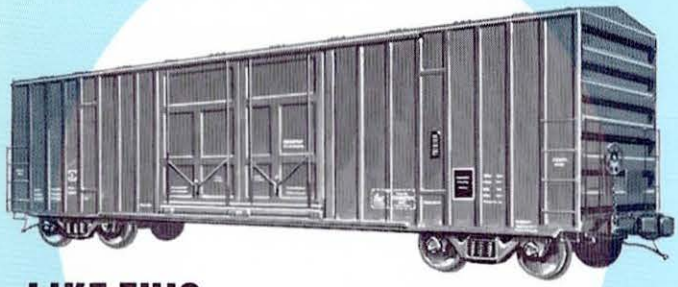

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Circle 21 on coupon page 61

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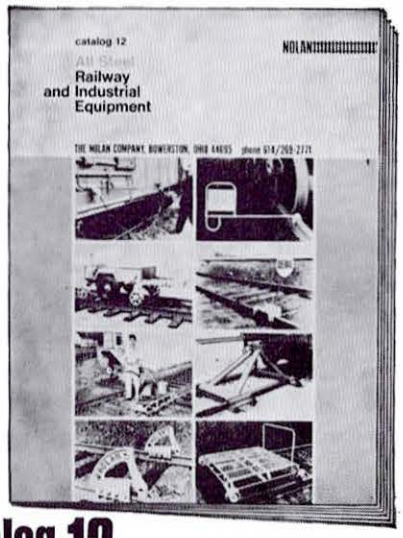

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Over 40% of Katy's auto rack fleet is fitted with protection panels. Rock throwers are frustrated by the panels.

Good equipment gets the traffic

The Missouri-Kansas-Texas is changing the color of its locomotive and caboose fleets from traditional Katy red to a deep forest green. That is perhaps interesting—but it is not the most significant color change that is taking place on the Katy these days. The one that is causing the excitement is the switchover from red to black on the bottom line of the financial statement. And management of the Dallas-based railroad says it's going to make a black bottom line a real tradition, too.

The road back to profitability for Katy has been a long, rough one. Prior to last year, the road had not seen a profit since 1963. Worse yet, while losing money in the early and mid-'60s, Katy was fast deteriorating, physically and in spirit. For example, early in the decade, the road was experiencing an average of 20 derailments a month—and the fact that one train derailed while standing still is a pretty good indication of how sadly neglected maintenance had become.

Today, things are changing. Reginald N. Whitman, who took over the reins of the Katy less than two years ago (after serving 17 months as Federal Railroad Administrator in the Department of Transportation) is confident that the railroad can not only hold its own, but also grow substantially in a section of the country that he feels has tremendous growth potential.

● **Hopeless to viable.** Reg Whitman's confidence is catchy. As one of the railroad's new officers put it: "In less than 10 years, the Katy has come along from complete hopelessness to a period when it was merely desperate to where it is now—a definitely viable property with a good future." It was also pointed out that the strengthened position of the parent company, Katy Industries, is another important factor in the road's future.

It was in March 1965 that the Katy made the first move to pull itself out of the quagmire of despair it was in. That was when the indefatigable John W. Barriger came on board as president—and, as he preferred to refer to himself, "traveling freight agent." He remained

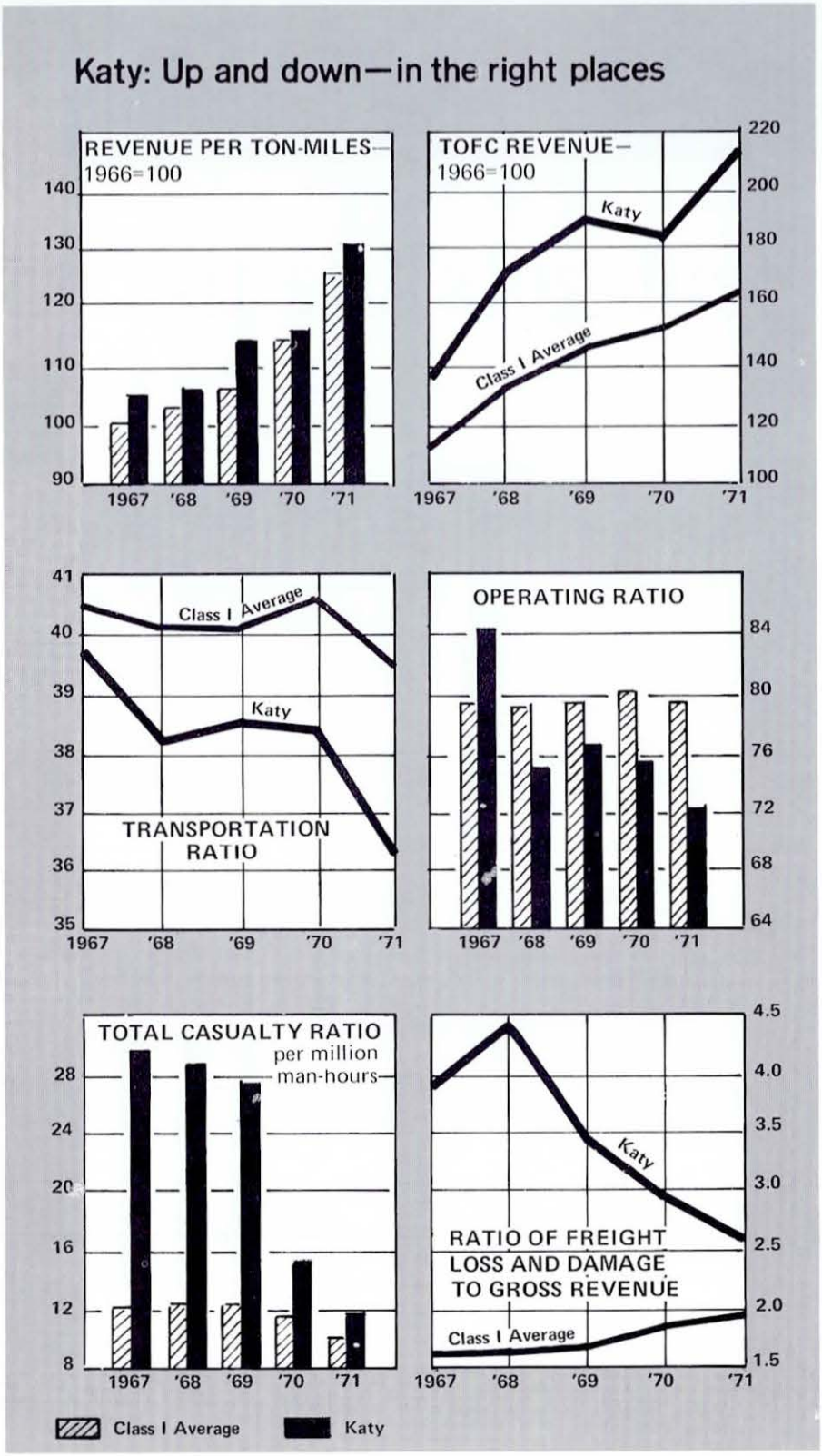
"At least 10" new locomotives are scheduled for purchase later this year.

Incentive-per-diem escrow funds are being used to upgrade portions of Katy's 12,000-car fleet.

with the railroad long enough to give it the strength-restoring transfusions it needed to try once again to operate profitably.

As an indication of the progress that has been made, last year's freight revenues reached their highest point since 1953. An even-better 1972 is expected, with revenues of about $80 million projected. A nominal profit is in the 1972 plan, and while that may not be much, nevertheless it is a profit.

Katy is right on target now so far as revenues are concerned, advises Frank J. Heiling, vice president-sales and service. Carloadings are approximately the same today as they were in 1965, he adds, but, surprisingly enough, revenues are up about 75%. The average revenue per car has leaped from $146 to $241—an indication that, among other things, Katy is getting a richer traffic mix than ever before. Blend this improved traffic mix with a good equipment fleet and vastly improved scheduling of trains in the territory, and you can see why Katy is on the way up. "We've also got the advantage of being small enough to give personal attention to a shipper's problems and tailor our service to match his needs," continues Heiling.



Highlighting last year's activities aimed at gaining new—and higher-rated—traffic was the installation of a major Ford automobile-unloading facility near Tulsa. This facility more than doubles the Katy's automobile traffic volume. Piggyback, too, is on the rise—up 3.7% last year. Although wheat is down—from 15% of the total volume in 1965 to just 4% last year—sorghum grain is up, and so are forest products.

● **Rate increases unnerving.** Food and kindred products, meanwhile, are down in volume, and Heiling blames this erosion on ever-increasing freight rates. "We've all got to watch ourselves so that we don't price our services out of this market," he warns. He is worried, too, about iron, steel and pipe, all good and profitable traffic items whose movement by rail may be jeopardized by increasing rates.

Important gains are being made through industrial development along Katy's 2,800-mile system. Last year, 55 new industries opened along the Katy. Among those gained were a Westinghouse transformer plant and a Gardner-Denver plant; Dart Manufacturing and National Can also opened new facilities. Katy also lost 17 industries, however—and heading the list were a refinery in Oklahoma and a sand and gravel facility in Texas. And, although there was a net gain in new customers, there was a loss of almost 1,000 carloads as a result of industries terminating operations. As Heiling is quick to point out, though, most of the traffic gained was of a higher rating than that which was lost.

Katy is well aware of its strengths and weaknesses. John Barriger saw to it that the equipment fleet was built up to the point where Katy could provide shippers with what they needed. As a matter of fact, Katy has a relatively young freight-car fleet, with 5,000 of its 12,000 cars less than seven years old. And, it is keeping up with new developments that shippers are requiring—for example, 40% of its auto-rack cars are shielded to protect vehicles in transit from rock-throwers.

In spite of the relative youth of the Katy car fleet, the road's bad-order ratio is, in the words of Reg Whitman, "at a level that leaves something to be desired." The ratio is, in fact, about 7%, or about 1% higher than the national average. "But, give me two or three years and I'll have it down to a more respect-

Personal Transit Monocab at Transpo '72 Uses GRS Controls

GRS was chosen to develop the computer based control system for the Rohr Monocab demonstration at Transpo '72 — the international transportation exposition held near Washington, D.C.

The two driverless vehicles, each capable of carrying six passengers, are suspended on rubber-tired trucks beneath a guideway. The highly sophisticated GRS control system uses minicomputers for the first time to provide efficient vehicle separation as well as optimum scheduling, process control, and a complete supervisory system. This system demonstrates safe headways as low as ten seconds, with no loss of headway when feeding vehicles into the main traffic stream.

GRS control systems can be provided for any type of transit system — tracked air cushion vehicles, steel wheel to rail type, monorail, or guideway type rubber-tired vehicles.

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FRANK J. HEILING, Katy's vice president sales and service.

BILLY R. BISHOP, Katy's vice president-operations.

able level," he adds confidently.

● **Cleaning up the "dogs."** There's a reason for the Katy's bad-order ratio being higher than normal. Says Whitman: "Because we've been concentrating on cleaning up some of our heavy repairs, we've had to neglect some light repairs. It's always nice to be able to say, 'I cleaned up 1,000 cars in my repair program last year,' rather than merely claim that 100 so-called 'dogs' had been restored to serviceable condition. But, you eventually reach the point where you have to take the time for the heavy repairs, and wait to concentrate on the light repairs later."

At the top of Katy's equipment purchase list for '72 are at least 10 GP38-2 diesel-electric locomotives scheduled for delivery from Electro-Motive Division of General Motors in November and December. Five cabooses will arrive earlier, probably in September. This new equipment will feature the new Katy color scheme—green with yellow trim. Rounding out the equipment acquisitions for the year will be 65 to 75 box car rebuilds, financed through the incentive-per-diem escrow funds accumulated by the road. Both heavy and light repairs are scheduled for DF box cars and covered hoppers at the Denison, Tex., and Parsons, Kans., repair facilities, reports Billy R. Bishop, vice president-operations.

● **More than doubling trackwork.** Katy management recognizes that the fixed plant must be upgraded before the road will be able to reach its full potential. Last year, 65 miles of main and branch lines were extensively rebuilt. Over 300 miles of track were surfaced and over 220,000 new ties were added. This year's maintenance program calls for rebuilding 145 miles of track between St. Louis and Parsons, advises Bishop. This particular job was about one-quarter complete at the beginning of May, and the target for completion of all 145 miles of track is November.

Bishop credits a special auto-sled on lease from Mannix with making it possible to get the track work completed in a relatively short span of time. He says the auto-sled is capable of removing over 1,600 ties in a day: "As a matter of fact, it can open up more feet of track in an eight-hour day than you're able to close up in the same period."

As has become Katy's policy since Whitman became chairman and president, all departments work within a very tightly controlled budget. It's almost a pay-as-you-go plan. The Ford auto-unloading facility opened last year in Tulsa, for example, was paid for as it was being constructed. All the track involved in the '71 rebuilding program was paid for as the work progressed. Of course the 100 box cars rebuilt last year are already paid for. Obviously, Katy is doing its utmost to keep from seeking financial assistance from the banks or its parent, Katy Industries. Also, a strong effort is being made to reduce equipment rents.

● **Improving credit rating.** Financing, a perplexing problem for the Katy in recent times, is now being rounded into shape. A sizable portion of the road's debt was retired last year, and several loans were renegotiated on more favorable terms. Approval was granted recently for an extension of impending principal payments on government-guaranteed loans, and some $390,000 par value first mortgage bonds were retired, from proceeds of property sales. Thus, no major maturity problems face the Katy until 1975. By then, management hopes the road's credit will be good enough to permit it to refund its debt on conventional terms.

To relieve itself of costly maintenance problems, Katy is currently taking a good, hard look at all its branch lines to see which ones might be abandoned without hurting revenues or creating problems for shippers. "We are, in fact, studying all our branch lines, and have definite plans to abandon 330 miles from Altus to Keyes, in Oklahoma, later this year," says Bishop. "We have ICC authority to do so effective Aug. 30." Katy estimated that it would have cost $12 million to restore this trackage to a 25-mph operating capability. It is, primarily, a line serving grain elevators.

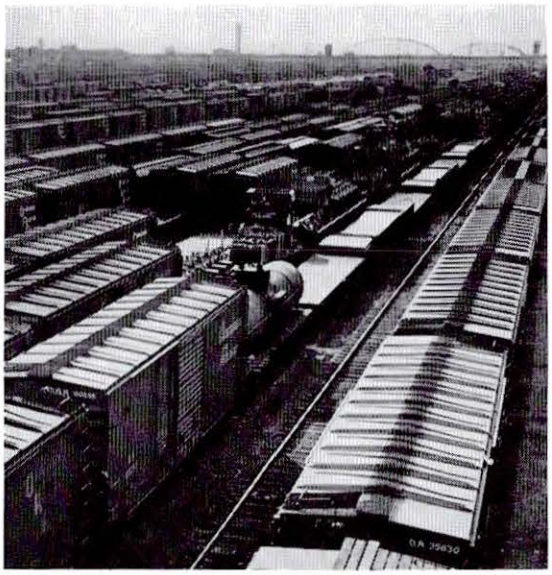
A number of changes have been made in train scheduling to make Katy service more attractive so that traffic that has been moving by non-rail modes can be captured, or re-captured as the case may be. There will be two trains a day moving out of St. Louis to Dallas, with one leaving in the early evening and arriving at destination at 5 a.m., second morning. The other will depart at 6 a.m. and arrive in the afternoon of the second day. "This schedule will be much better than anything we ever had before," advises Bishop. Running times have been shaved on a number of other trains. Trains out of Kansas City destined for Dallas are running 11 hours faster, and four hours are being saved on the Parsons-Tulsa runs. "We've adopted a philosophy around here of not allowing tonnage to lay around on the property," continues Bishop. "That wasn't always the case."

● **A terminating road.** While other railroads may have in use more sophisticated computer equipment for data processing and information systems, Katy is making excellent use of what it has. Being a terminating railroad, Katy must, for example, keep close tabs on per-diem charges. Every effort is made to get empty cars off line, with the aid of the computer. This program to lower per-diem charges is progressing very well, says Bishop, and Katy holds ongoing classes throughout the system to keep employees informed of the proper procedures for reducing car detention.

It appears that Katy is making progress in its battle back from the brink of disaster. Whereas, as one Katy officer put it, management was once in the habit of "responding only to crisis," you find today's management team making plans for traffic and profit growth. You find Reg Whitman exploring the idea of locating pipelines on railroad rights-of-way as a means of expanding income. You see Vice President-Executive Department Bill Dorcy, formerly of the Illinois Central, developing plans to expand Katy's piggyback operations. You see Karl Ziebarth, former financial analyst now serving as vice president-finance, developing a program which will ultimately lead to better utilization of Katy capital.

Restoring a 2,600-mile system to first-class condition is, of course, a costly and drawn-out proposition. And, it's a lot tougher, too, when the work must be performed within the confines of a very closely-controlled budget. Yet, while there are still a lot of unfulfilled goals, Katy people feel their railroad is definitely on the upswing and will continue to be a profitable operation. Katy did it last year—and Katy feels it can do it again. ■

C&NW's instant information service, using a computer and telephone facilities, can locate any car on the line in seconds.



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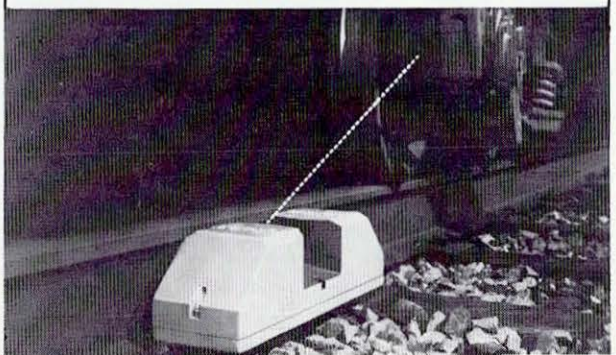

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Videotape training: Wave of the future?

This is videotape instruction in action—starting with the filming of a training sequence with a rover camera and winding up with playback of the tape. Manning the camera is John Blaha, assistant manager of Burlington Northern's mechanical department training staff; adding the personal touch to the playback is Harry W. Wales, (below), manager-personnel training in the mechanical department.

As railroading becomes more and more complex, so does the search for better methods of training the people responsible for keeping railroads running. And one wave of the future may be use of videotape, backed up by more conventional instructional material.

Videotape, say those who are using it, has several advantages that make it peculiarly suited to railroad training uses. It's a flexible medium, one lending itself to relatively easy updating to keep pace with changing technology. It's also flexible in terms of its reach—an important factor in an enterprise as spread-out as a railroad: Playback units using videotape cassettes can be attached to regular television sets at field locations. Finally, videotape instruction is not expensive when initial costs are balanced against both the short- and long-term benefits to be gained.

Thus far, a dozen or more major roads have either begun going the videotape route or expressed keen interest in it. Thus far, however, primary uses of the equipment and the concept seem to be in the more theoretical areas—sales training, for instance—rather than in the basic-training technical areas where audiovisuals-plus-texts may have their most valuable measurable applications.

One exception to that "thus far" is Burlington Northern—which has already found out how the audiovisual, videotape technique can be applied profitably to the mechanical department.

BN's training problem involved use of a new tool for testing fuel injectors on locomotives—a process developed on another road which permits testing without removal of the injector from the unit. BN distributed the tool and the instructions on its use—and then found that it wasn't being used at some locations—because, so it was said, the instructions were unclear and hard to follow. That's when Harry W. Wales and John Blaha, manager and assistant manager, respectively, of BN's mechanical-department training staff went to work, with the top-level backing of R.E. Taylor, assistant vice president-mechanical. Blaha, who had been looking into television-training possibilities for some time, produced a videotape—in just a few hours of taping with a mechanic, not an actor, as the demonstrator—which showed, simply and clearly, how to make the injector inspection.

Wales and his people took the tape around the system and put it on tv at repair and inspection points. And the results have been impressive. The technique and equipment that once lay idle are now being used.

This kind of training didn't cost a lot. BN made the tape using a portable kit, consisting of camera, sound equipment and related gear, that fits into a two-foot-cube case. Master tape is half-inch, black and white—and the whole process is far less expensive, for example, than is involved with the cameras and two-inch color tape used in commercial telecasting. Plans are to install playback units in more than two dozen shops—and there is no particular expertise required for a supervisor or mechanic to attach the unit to the antennae terminals on a tv set, insert the cassette and then play the tape as often as required. BN expects to expand its use of this kind of training in the mechanical department—on a planned basis, consistent with the available funds.

This whole concept—videotape for technical instruction—was explored at a recent meeting in St. Paul under sponsorship of the Railway Educational Bureau division of Simmons-Boardman Publishing Corp. Seven railroads were represented, along with a supplier group that included both U.S. locomotive builders. BN demonstrated what it has done and outlined what it is planning to do; and general discussion indicated that there is good potential in tape training aids supplemented by written material for in-depth study. Reid Kenedy, director of REB, noted that the wide range of training and educational material now available from the Bureau might well serve as the basis for scripts for most of the videotape lessons which would be needed.

Among the questions raised—which will be followed-up at the annual meeting of REB training directors in October in Omaha:

—How are tapes now used, and what is their potential?

—What should be at the core of a tv tape program?

—How can railroads assist one another?

—Can tapes be interchanged, and should there be a clearinghouse for tapes?

—What are the economics of videotape training?

Currently, REB is compiling a "shopping list" of tape programs thought desirable by railroad and supplier representatives—with the aim of developing a consensus as to specific instructional material which should be made available at the outset. ■

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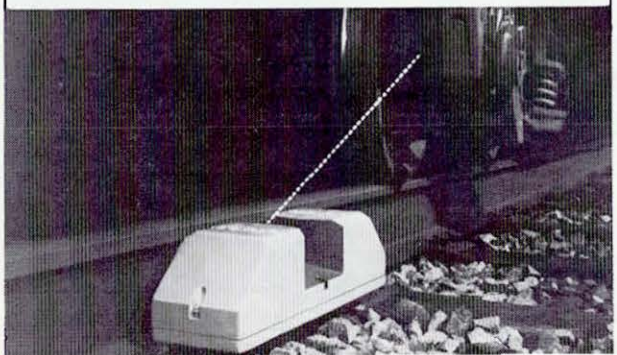

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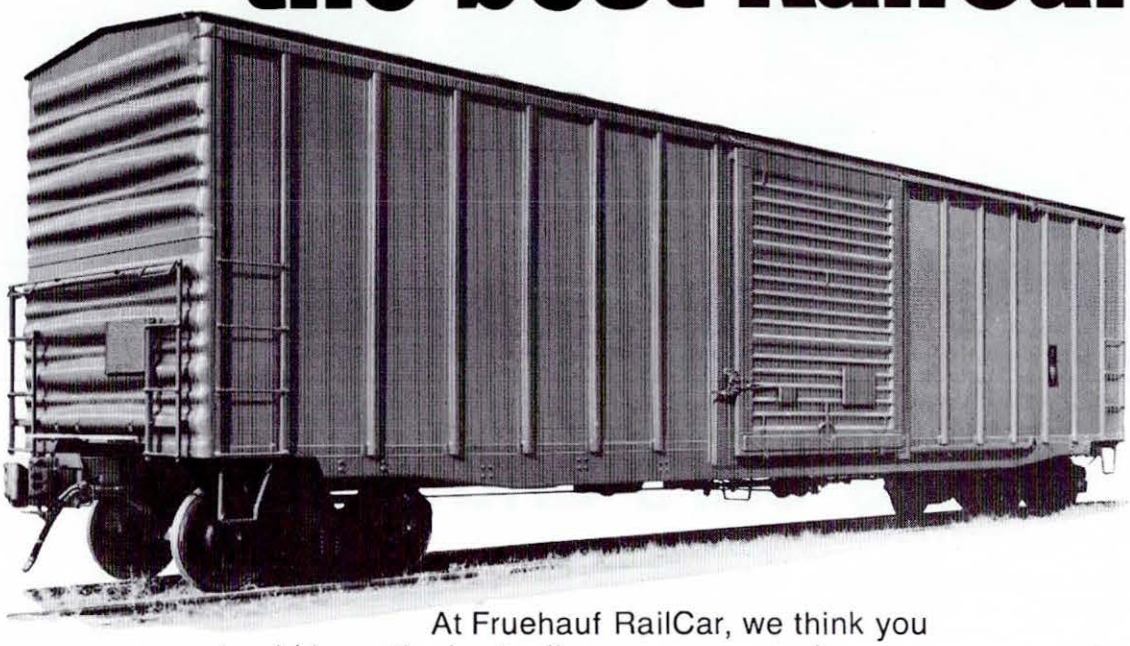

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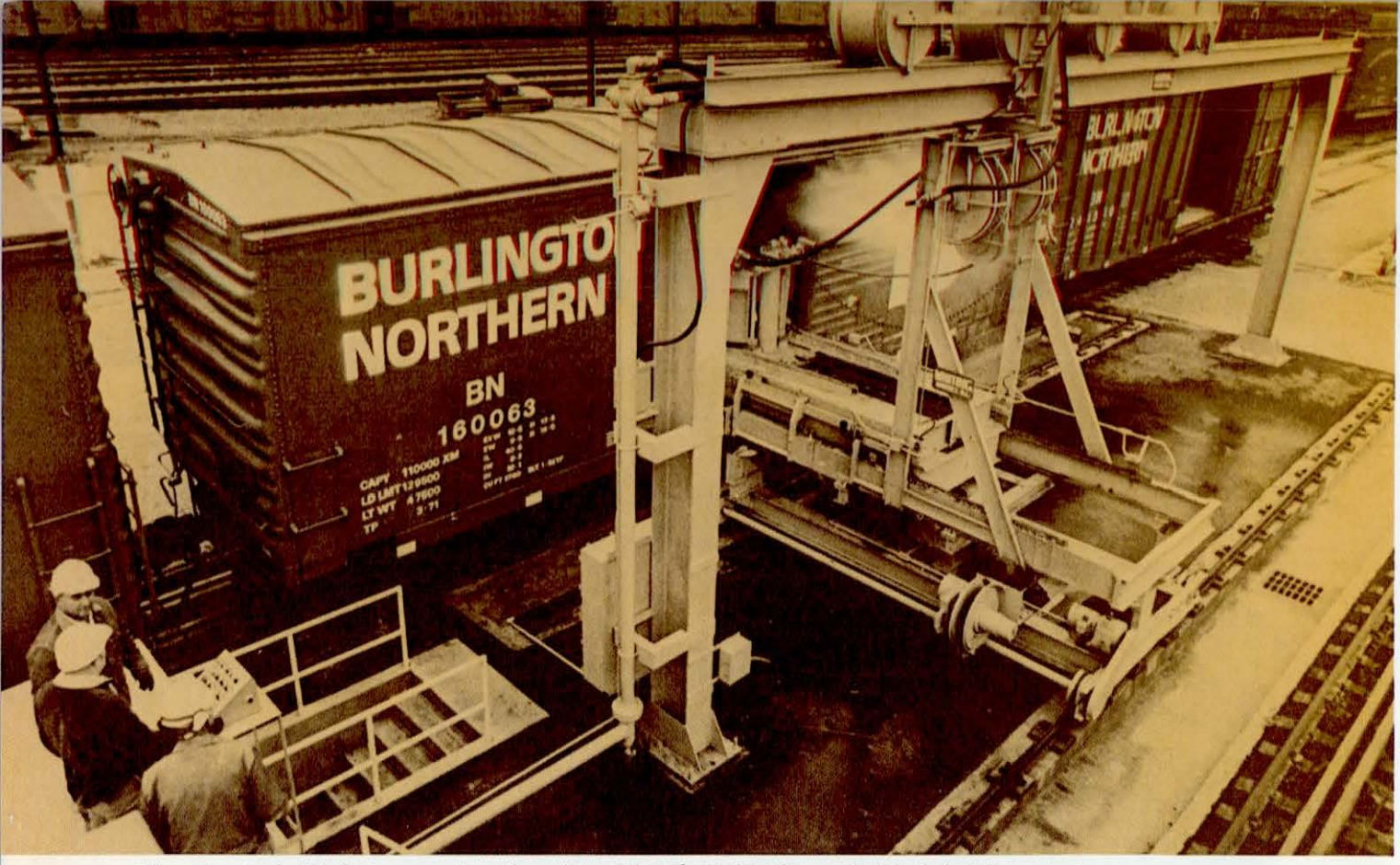


BN car cleaning facility features an automatic washer capable of cleaning a box car interior in just three minutes.

BN cleans cars and wash water

Sometimes it is almost an impossible task to blend equal parts of efficiency and environmental protection so that the end product is something palatable for all. But it appears that Burlington Northern may have achieved such a goal at its new automatic freight-car-washing facility located on the northern fringe of a recently-opened $10-million classification yard in North Kansas City, Mo.

● **Cuts cost in half.** The quarter-million-dollar car-cleaning facility is currently turning out spruced-up, ready-to-load box cars at the rate of seven an hour, and the cost is running only about $1 apiece, or about half the cost of manual washing. Naturally, this is making BN happy. And shippers, too, are more than pleased to see cars arrive at their docks in deluxe condition, a BN spokesman says.

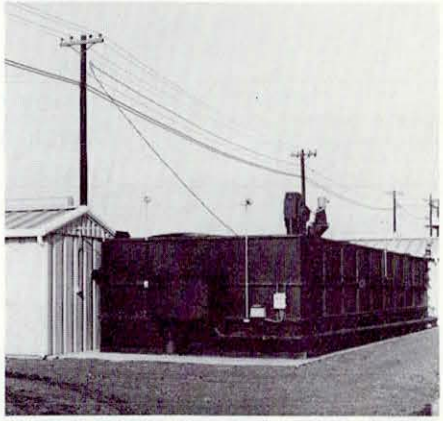
At the same time, a new water treatment plant that is part of the cleaning facility is helping keep local environmentalists and pollution-control agencies happy. Everything—from charcoal used in briquettes, to ground silica used in tooth paste, to cement, to hundreds of pounds of wheat—may be removed in a single day from cars assigned to the cleaning tracks. Because of the design and capacity of the water-treatment system, no large quantities of these pollutants are reaching North Kansas City's sewer system, nor local public waterways.

The two-track cleaning facility, manned by a five-man crew working the daylight shift five days a week, was designed by BN engineers. Sharing the spotlight with the water treatment plant is a one-of-its kind automatic box-car washing machine designed jointly by BN and Whiting Corp., and built by Whiting last year. This machine operates in conjunction with a car progression system also built by Whiting.

● **How it works.** From its mobile station between the two cleaning tracks, the automatic washer operates this way: (1) It "senses" the presence of a car at the washing station; (2) it positions itself outside the car doorway; (3) it inserts its washing apparatus into the car through the door opening; (4) it extends its washing arms to the far reaches of the car interior; (5) water turns on and sprays the walls, floor, ceiling and all the far corners of the interiors with up to 600 gallons of non-heated water at 300 psi. Four balls on each of the washing wands contain eight nozzles. The balls rotate so that none of the surfaces is missed. The entire operation is automatic.

Charles F. Muelder, utilities engineer in BN's Chicago office and a key figure in the development of the facility's design, describes the cleaning action this way: "It's really a shoveling action, with the water acting more-or-less as a shovel to get at dirt remaining in the car and then move it to the doorway." The outside rail of each track is three inches higher than the inside rail so the debris-laden water will drain out.

● **Produces "quality" effluent.** From the car, the wash water is collected in a platform gutter running to a sewer



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system connected with the waste water treatment plant. Designed by the Keene Corp., Aurora, Ill., the treatment plant can handle a continuous flow of 500 gallons per minute with automated recycle for intermittent flow. This wash water may contain sediments, floatables, and suspended matter such as grain and grain dust. But the primary treatment plant produces a "quality" effluent with no settleable inorganic or floating solids and less than 45 mg/1 of organic and oily waste concentration, Keene says. Before being dumped into the city sewer system, the water is sampled to make certain it meets local standards.

By the time a car reaches the automatic washer position, it is already fairly clean. At earlier positions along the cleaning line, all large debris is removed manually and placed in special receptacles made for it. Also, smaller debris—cardboard, nails, blocking, and so forth—is swept from the car into one of 12 smaller mobile trash containers placed at strategic points along the roadway separating the two cleaning tracks. Periodically, these smaller containers are dumped by a scavenger service into a receiving compaction truck and carted away. BN hires out this service.

Before the car enters the washing station, the floor is completely vacuumed. On days when the temperature is apt to drop below 40 degrees, the vacuuming station is the last one used along the line. The washing station is short-circuited because of the chances of its creating icing problems. As a substitute, air is used to blow out any small dust particles the vacuum machine may have missed. This procedure, says Muelder, is not as efficient or thorough as washing.

● **Car progression.** The single robot car progression system serves both cleaning tracks. Each track is 300 feet long, and the progression system is designed to advance the cars at the rate of 30 feet a minute. For control purposes, the first car in each of the two strings of cars is given a light hand-brake application. The progression robots are designed so that they remain retracted when the line is not moving. When the cars are to be moved, the robots engage the rear axle of the rear truck of one of the cars.

Like each of the two cleaning lines, the outbound tracks have the capacity to handle 28 cars. It is along these tracks that minor repairs are made to the box cars before they are sent on to shippers. Reaction of shippers to the cleaning job which the new facility is performing has been very good, BN adds. ■

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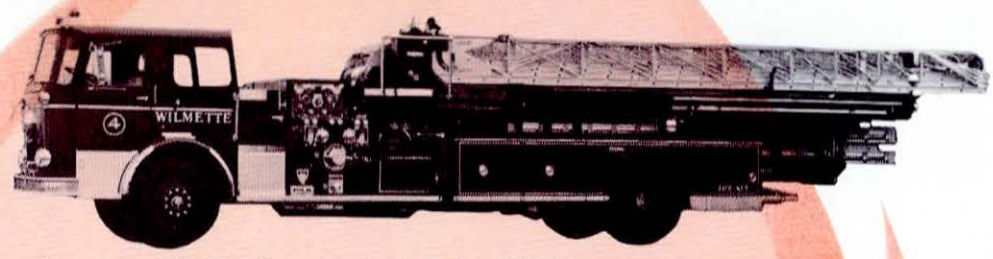

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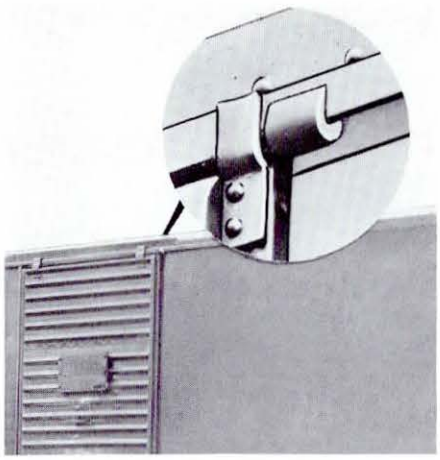

Car pilferage is stopped by low-cost device

A new device has been designed to stop rail car pilferage. The device, which attaches onto the door rail thus preventing unauthorized entry, is called the Boxcar Pilferage Protector. It is low cost (less than $1 in quantities of 1,000), is made of strong, lightweight aluminum, and is fracture- and impact-proof. *Brammal, Inc.* (RA-1)

Inert retarder has hydraulic release

A new retarder, model R-14, applies hydraulic release for pulling through a string of cars. Generally used at the leaving end of classification yard tracks, the R-14 eliminates noise when pulling cars, reduces wear on the abrasion rails and saves engine power. A modification kit is also available for converting existing model R-2 mechanical retarders to hydraulic release. *Abex Corp.* (RA-2)

New process adds length and payload to trailers

Forty-foot wedge-type van trailers can be economically lengthened by five feet. The modification process takes advantage of the 60-foot over-all tractor-trailer rule. By adding an extra five feet to a trailer's length, a carrier can realize an additional 12½% of cube, which permits a converted trailer to haul the equivalent of an extra full load every eight trips. This modification process is said to be the first practical method for wedge-type trailers. Previously, the wedge shape created difficult engineering-cost problems. To stay within the limit of the 38-ft-king-pin-to-rear-axle-limit, cutting the axle assembly loose from the frame and relocating it, made the operation impractical. *Fruehauf Division.* (RA-3)

Safety grating is designed for a variety of rail cars

Grip Strut Safety Grating now offers improved anti-slip characteristics for the runways of covered hopper and general-purpose freight cars. The grating has reticulated and formed metal cross struts arranged in a diamond pattern with integrally formed channels at the edges. There are no flat surfaces or straight lines on which a slip may start. Grease, chips, fluid, mud and ice drain through to keep platforms free and clear for optimum safety. The one-piece configuration provides a high strength-to-weight ratio, as well as greater stability underfoot. There are no welds or pressure joints to break or loosen. The grating is easily installed on new and old cars. *United States Gypsum Co.* (RA-4)

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station from a remote location over a two-wire telephone line. Remote control is achieved by transmitting dc control current on the same lines that carry audio to and from the remotely located base station. Features include the supervisory function, two-channel selection and intercom. Model 21CA provides three operating modes; simplex, metallic loop or composite control. *Signal & Communications Division, WABCO.* (RA-5)

Spray concentrate kills odors in rail cars, trailers, trucks

A new spray concentrate is guaranteed to remove the most complex odors from railroad cars, trailers, trucks, containers, refrigerated vehicles and warehouse storage areas. The concentrate, called Endimal, is a true deodorizer, not a mask or perfume. It removes all odors remaining from previous shipments and eradicates odors caused by fire and smoke, animal waste, hides and chemical spills. Endimal can be applied by either pistol-type hand sprayers or by motor-driven fogging and misting devices with plastic or stainless steel supply tanks. It also may be used as a wetting spray to kill odors at their source. Used as directed, it is non-irritating to skin, eyes or nasal passages. Endimal is available in one- and five-gallon plastic containers or in 52-gallon drums. *Pettibone Laboratories.* (RA-6)

Two-wheel running gear offers ease of mounting

An expanded line of two-wheel running gear for making equipment portable is for highway, field or in-plant use. Frames of these trailer units are free standing, for fast, easy mounting. They are available with either lunette eye, towing tongue or ball-and-socket hitch. The units have what the manufacturer calls a unique nose cone control center—built-in hand grips, retractable leg and pushbutton operation. *United Manufacturing Co.* (RA-7)

Air sprayer can handle a wide variety of jobs

A new heavy-duty compressed air sprayer, portable and operated by hand, will spray, among other things, pesticides, disinfectants, floor oils, creosote, whitewash, water-based paints and cement-curing compounds. The sprayer, called Industro, is designed for extra durability and convenience. It is designed to handle a wide range of jobs for railroads, utilities, food processing plants, construction sites and factories. *H.D. Hudson Manufacturing Co.* (RA-8)

New switch heater offers operating economies

A new design low pressure switch heater has improved air inspiration for increased heating efficiency and operating economy. The Rail-Tel model LP switch heater offers several improvements, including elinination of old style cast-iron housing connections and ensures dependable operation with low-pressure natural gas, propane or city gas, regardless of severe weather conditions. New brass line gas feed design eliminates alignment and leakage problems.

The switch heater is available with automatic ignition and a snow detector which starts the heater automatically as soon as snow falls, or with manual ignition controlled by dispatchers at central control points, providing flexible controlled heat for any snow condition. Long service life is ensured by rugged construction and the use of corrosion-resistant materials throughout. Housings are standard for either left or right side installation. Nine foot lengths are standard. *Rails Company.* (RA-9)

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A new all-solid-state microwave radio system, with a maximum capacity of 1,200 message channels or a video signal is called the type 78E2 radio. It operates in the 12.2 to 13.25 GHz frequency band. Power output of the 78E2 is 25 dBm, and the radio has a receiver noise figure of only 11dB.

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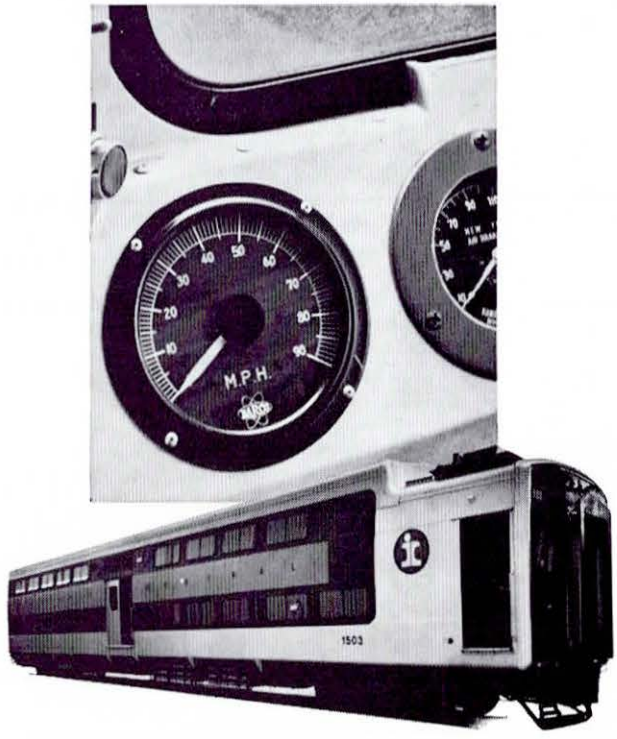

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AILES TELLS NASAB:

We must have more freight cars

There must be an increase in the total number of freight cars, says Stephen Ailes, president of the Association of American Railroads. Addressing the 35th annual meeting of the National Association of Shippers Advisory Boards in Minneapolis earlier this month, the AAR chief pointed out that the ASTRO report had found that the railroad industry would need more than 2.2 million freight cars by 1980.

Citing the recent substantial efforts made to increase freight-car utilization, Ailes emphasized that only so much can be done in that manner. "With the need for additional equipment so substantial, and with the financial position of many carriers so precarious, we must ask ourselves how this goal can be achieved. A sound solution to the problems of adequate freight-car supply is contained in bills S. 1731 and S. 2362, which provide limited government assistance in the form of loans and guarantees plus revisions in our regulatory system."

● **What the bills would do.** S. 1731 would create machinery for making or guaranteeing up to $3 billion in loans for railroads wanting to acquire new equipment, Ailes said. "Such legislation constitutes a positive step forward for railroads, particularly the weaker ones, in gaining access to new sources of capital at interest rates they can afford. The latter bill—the Surface Transportation Act—creates within the Treasury Department a new Revenue Financing Division, modeled on the Reconstruction Finance Corporation, with power to make or guarantee up to $5 billion in loans for all railroads and motor and water common carriers. This fund would be available not only for new equipment but also for improvements to basic physical plant, for acquisition of additional and improved computers, for construction or modernization of more efficient terminals."

The Surface Transportation Act, Ailes continued, would provide the industry with funds needed to attack the problems of car supply, car utilization and inadequate maintenance. "It is by far the best piece of legislation now before Congress to help solve the transportation problem and carries not only our support but also that of the American Trucking Associations and the Water Transport Association."

The key to a healthy railroad industry, Ailes said, can be summed up in two words: improved service. Car supply is one element in such service. "With improved service, there is no reason on earth why railroads cannot grow and prosper. Improved service will mean increased business and increased business will mean increased earnings which in turn will provide the means for even greater investment in service improvements. The important point, however, is that we as an industry, must break out of the bind we are in and accelerate those improvements in service."

● **Role of the regulator.** The function of the regulator in transportation is not a static role, Rupert L. Murphy, Interstate Commerce Commissioner, told the shippers. "In reality, it is a dynamic, on-going process which requires day-to-day consideration of many problems arising out of car service which cannot be solved in a vacuum but which requires the cooperation of carriers, shippers and regulators, among others."

> "The important point is that we as an industry must break out of the bind we are in and accelerate improvements in service."

In essence, the Commissioner said, the role of the regulator is to assure the public of an adequate and efficient transportation system under private management and to protect the public from unlawful discriminatory practices of the carriers. However, the initiative as to many facets of car service, including policy-making decisions, is and should be entrusted to the management of the rail carrier. Above all, Murphy stressed, the regulator must be impartial as between carrier and shipper. Nevertheless, he said it should be emphasized that a regulator unable or unwilling to apply corrective active where needed would be derelict in his obligations and would largely frustrate the basis for creating the regulator.

Discussing car service, Murphy reviewed the ownership of freight cars by Class I carriers. In 1956, these carriers owned 1,781,391 cars, including 670,844 plain box cars. Of this total, 1,711,941 were in serviceable condition. By 1971, the number of cars had dropped to 1,464,613, including 358,887 plain box cars. There were 1,384,046 cars in serviceable condition. In this 16-year period, not only did the total ownership fall, but of more importance was the sharp reduction in the number of plain box cars.

"It is true," the Commissioner continued, "that the average capacity per car has increased, but this added loading space does little to console the shipper in times of car shortage when the demand for cars greatly exceeds the total number of cars available. As mentioned, the ownership of plain box cars has declined more than other types of cars and, unfortunately, the sharpest decline has been in the workhorse of the carriers' fleet, the 40-foot box car. This type of car remains in greatest demand for the movement of grain—possibly because of an insufficient supply of covered hopper cars—despite a considerable increase in the ownership of covered hopper cars. It is reasonable to predict that it will be several years before the 40-foot plain box car will have outlived its usefulness."

● **What the ICC has done.** Because of this situation, Murphy said, the Commission has done several things to reduce critical car shortages. Among them was requiring carriers to report periodically on their ownership requirements of various types of cars. In addition, the carriers were ordered to observe mandatorily seven car service rules, including Nos. 1 and 2, calling for prompt return of loaded or empty cars to their owners or to move cars in the direction of the owning line. Voluntary compliance has been disappointing, forcing the ICC to issue many service orders in an attempt to achieve the desired goal. Murphy pointed out that mandatory observance of Rules 1 and 2 has been temporarily enjoined, pending court review and that the matter is before the Supreme Court.

"While the increase in the ownership of freight cars is one of the more important factors in improving car service," the Commissioner continued, "other important factors relate to better utilization of the existing car fleet... Formal action by the Commission to improve the utilization of the car fleet supply is evidenced by the entry of car service orders of various types. The Commission would prefer that these problems be solved by the railroads. However, in the past, action by the Commission through the entry of service orders was required in order to correct a car service problem. In effect, the regulator through its service orders intrudes upon the managerial discretion of the railroads by directing the carriers to make adjustments in the car supply. Recently, the industry, through the AAR, has established a program for the imposition of penalties where a carrier fails to follow car directives issued by

MUCH FREIGHT DAMAGE IS NOT CARRIER-CAUSED

the AAR. The Commission is very much interested in the program, believes that is should have been instituted years ago, but will not hesitate to take corrective action if the industry's program fails to provide an adequate solution."

● **The L&D problem.** It may be that loss and damage—as a problem—is beyond the ability of individual agencies for resolution, Otto H. Zimmerman, Illinois Central senior vice president—operations, told the NASAB meeting.

Speaking at a panel session, Zimmerman said that railroads have spent hundreds and hundreds of millions of dollars on special cars, special equipment and special programs to control L&D. Railroads also spend many millions for special agents to control theft. Nevertheless, the L&D bill doubles every ten years.

In the past, Zimmerman said, one almost never heard of top executives getting into the battle against L&D. "That's changing," he stressed. "The scene is no longer dominated by what the kids call cops and robbers and a few, lowly-ranked specialists wringing their hands ineffectually on the sidelines. More and more of the industry's top officers are starting to focus upon the problem of loss and damage—in a way that recognizes L&D as a threat to our very survival."

● **A "hopeful sign."** Zimmerman mentioned a recent order from the ICC in Ex Parte 263 as "a hopeful sign in an area where I am convinced we need to work—namely, the re-thinking of what our analysis and statistical reporting is supposed to reveal to us. The ICC's order, now part of the Code of Federal Regulations, requires carriers to modify their freight claim rules and policies so as to conform with Commission-prescribed rules over the 'principles and practices for the investigation and voluntary disposition of loss and damage claims and for processing salvage.' The merit of the ICC's order, and its legislative proposals, aside for a moment, the idea of consensus, and the current spotlighting of L&D activity via Congressional concern over the loss and pilferage problems in carriage generally—are very hopeful developments."

The barriers to improving upon "the patently unsatisfactory aspects of L&D reporting and accounting" are many, Zimmerman said. Different railroads have different accountability. For example, there is a difference in liability between companies with many terminals and much exposure to theft and improper switching, and railroads with fewer terminals; between long and short portions of an interline shipment; between a carrier with good special agent protection and one without such protection; between carriers who work intensively with shippers to improve dunnage and those who do little; between railroads with much modern L&D-minimizing hardware and those with less.

"So, how does anyone come to grips with that?" Zimmerman concluded. "I suspect the industry should get a keen, analytical, dictatorial person, give him a team of researchers to come up with a national reportorial framework for L&D claims. Will anyone listen? We'll never know until we try. This effort would have to be made in parallel with today's system—unless the industry could be persuaded to accept a prorated payout based upon something like train miles or originating loads or some other index. If they could, it would immensely simplify the development of rational reporting, supportable standards for investment decisions, and standards for service that will, in the long run, minimize L&D to shipments, and give us the best ability to control the quality of our transportation."

● **The waste nobody wants.** More and more people involved in freight claims and freight-claim prevention are coming to realize that it is not the responsibility of the carriers alone, L.S. Crane, executive vice president-operations of the Southern, told the NASAB meeting. Shipper, carrier and consignee alike have responsibilities, and a vital stake, in the reduction of claims for freight loss and damage—which Crane called the waste that nobody wants.

> "More and more of the industry's top officers are starting to focus upon the problem of loss and damage—in a way that recognizes L&D as a threat to our very survival."

Over the past few years, the Southern officer said, individual railroads, the various claim conferences and the AAR's L&D people have been making task force surveys on the handling of specific commodities. The surveys are made in cooperation with the manufacturers or the associations involved in producing the commodities.

"Without exception," Crane emphasized, "the task force studies have revealed that a considerable amount of the damage to freight is something other than carrier-caused damage. It may exist before the shipment is loaded, it may happen during loading, or it may be caused in the unloading process. It has been estimated that if the carriers had an inspector available to check every car as it was unloaded, our total freight claim bill could be reduced by as much as 40%. Since this is neither physically possible nor economically feasible, Southern and many other carriers are turning more and more to our computers for help in pinpointing the incidence of damage."

● **Data interchange.** Because about 70% of all cars shipped on American railroads move over more than one railroad, Crane said, the need for more effective interchange of information among carriers can be clearly seen—if a meaningful reduction is to be made in L&D.

In addition to better and faster information exchange, there is need for more detailed sorting out of the causes of claims, Crane continued. "Normally, the freight claim bill on the individual railroad is handled as lump sum, broken down by causes of damage. We want to go a step further than that. In our new computer program we will have the capability of sorting out total freight claims by division, by specific location or according to any other segment of our railroad that we feel it would be helpful for our people to know... Knowing our people, we believe that when they become aware of the amount of loss and damage charged to their respective divisions, they are going to develop a keener personal interest in the matter of careful car handling and loss and damage prevention. And it is this kind of personal involvement that has the best chance of helping us turn the tide."

● **New NASAB officers.**—At one session of the meeting J. Lucian Gilbert was elected president of NASAB to succeed Paul W. Gosling, assistant general traffic manager, F.W. Woolworth Co., New York. Gilbert, who had been NASAB's first vice president, is director of trade development for the Port of Pascagoula, Pascagoula, Miss. Earl W. Beck, manager of traffic, ITT Thompson Industries, Inc., Southfield, Mich., became first vice president of the association. John P. Loughnane, vice president, Distribution Enterprises, River Forest, Ill., was elected second vice president. Richard L. Rowley, traffic manager, Owens-Corning Fiberglas Corp., Kansas City, Kansas, succeeded Loughnane as NASAB secretary.

The meeting passed without opposition a resolution reaffirming NASAB's support of legislation which would eliminate all strikes and work stoppages in the transport industry.

It was announced that the 1973 meeting of NASAB will be held April 10-12 in the Hotel Monteleone, New Orleans. The 1974 meeting is scheduled for May 8-10 in Denver's Brown Palace Hotel. ■

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Circle 31 on coupon page 61

TRAFFIC POLL

L&D: Light at the end of the tunnel?

There may really be some improvement in the loss-and-damage situation if a recent Railway Age survey of railroad customers is truly representative. A majority of respondents reported little change in L&D claims in 1971, compared with 1970. The respondents reporting an improved situation outnumbered those reporting "worse" by three-to-one.

Certainly when R.J. Breitinger, director of traffic and transportation for Westinghouse Electric, reports that his company's L&D experience in 1971 was "much better with a 50% reduction in major appliances, for example," railroads may be getting somewhere. Another appliance maker—Hotpoint—found its L&D experience worse last year "with more damage claims filed for greater dollars," according to L.A. Johnson, manager of traffic. In 1972, however, Johnson sees a reversal, because "with the use of more 60-ft Air-Pak cars, L&D isn't as great," and he confidently predicts that "we should see a marked improvement this year."

J.T. McHugh, assistant director of traffic for Brown Forman Distillers, also reported that "L&D experience is very much improved with the use of twin Air-Pak cars." R.J. LaVigne, traffic manager of Hiram Walker & Sons in Walkerville, Ontario, replied that his firm's L&D experience was about the same in 1971 as in 1970, adding that "railroad personnel (particularly Chesapeake & Ohio) have been helpful in our programs."

● **Railroad helpful.** Washington's Olympia Brewing Co., according to R.H. Rutledge, traffic manager, found its 1971 claim ratio comparing favorably with 1970, during which Olympia "was once again the best rail shipping brewery in the U.S. in terms of lowest claim payouts to revenue received." Rutledge noted that while most of its damage reports come from consignees or distributors, "one of our major carriers, Southern Pacific, is to be complimented on its reporting system. At almost any time we can find out what claims were filed by our individual distributors. SP also gives us a yearly recap of all claims filed."

Companies in the building products field seem generally to have found things better in 1971. Celotex said its improved L&D situation was due to a greater awareness of the problem and the fact that preventive measures were taken, according to Robert J. Kearney, general traffic manager. N.C. Kunzmann, traffic manager of Georgia-Pacific, reported that fewer G-P loads were in wrecks or derailments. While U.S. Gypsum had 13% fewer claims, the dollar volume was virtually unchanged, said R.C. Berrey, vice president—traffic and physical distribution. Evans Products found its incidence of damage "somewhat better," says A.K. Penttila, director of traffic and transportation.

● **Paper products.** J.G. Ringleb, traffic manager—equipment, for Kimberly-Clark, reported that L&D experience with its paper products in 1971 "showed an improvement over 1970." Likewise with Hoerner Waldorf of St. Paul, Minn., according to D.C. Ward, director of transportation. John E. Bellvoar, general traffic manager of Paper Manufacturers Co. of Philadelphia, said things were somewhat better in 1971 "because of corrective action taken when suggested by rail claim prevention personnel." Inland Container Corp., reported Traffic Manager George A. Ulam, had about the same incidence of L&D, but "worked with several different railroads on damage programs and has been successful in correcting some areas."

Lower incidence

Others reporting a lower incidence of L&D in 1971 were Outboard Marine Corp. of Waukegan, Ill., Combustion Engineering of Windsor, Conn., and Scovill Manufacturing of Waterbury, Conn. J.W. Cassell, district traffic manager for Reynolds Metals in Sheffield, Ala., reported a better situation and added that railroads have been helpful in improving it.

● **Role of piggyback.** James E. Carr, corporate traffic manager of Nalco Chemical, said that "in 1971 our damage claims were reduced some 35% based on (1) improving loading procedures and (2) diverting much of our warehouse business from carload to piggyback service. The change to piggyback has minimized damage problems, reduced warehouse inventories as a result of faster transit time, and decreased loading costs." He added that now Nalco has its own damage-control program; "in getting this started railroad claim prevention people were extremely helpful."

Respondents indicate that they place more reliance on individual railroads than on the AAR for aid in solving L&D problems. Reported one disgruntled traffic man: "AAR L&D prevention personnel have no material presently prepared covering shipments of frozen foods. . .We have developed our own product handling policy which is issued to all plants, distribution centers, warehouses and distributors. We also invite railroad freight claim prevention personnel to visit our shipping sites and approve our methods of loading."

There is probably more "in house" effort on the part of shippers than there is reliance on their carriers. Attempts are made, in the case of large organizations, to involve everyone from loading crews to plant managers and division vice presidents. Such firms often also having packaging specialists who work on little other than solving L&D problems. One TM notes that he first asks if loading operations are being properly supervised and loads checked.

A.E. Leitherer, vice president—traffic for Allied Mills, tells of a recently inaugurated system of controls for L&D claims to assure elimination of questionable claims that have been filed in the past. This system "takes the form of more rigid review of the claim problems such as cause for loss and damage and supporting documents to provide adequate proof to the carrier that it was definitely carrier's responsibility rather than that of shipper or receiver.

"A minimum amount was established for any individual claim by Allied Mills so as to eliminate small claims or permit the grouping of a number of claims to meet the minimum," continues Leitherer. "This has resulted in improved handling by carrier's representatives and the assurance of only proper claims being filed. This has also resulted in better training for plant personnel in charge of handling claims. Loss and damage is an important consideration and has the attention of top management in our company."

● **Whose responsibility?** Kaiser Aluminum and Chemical expects to establish closer communications with damage prevention groups in 1972 and 1973. D.C. Smith, manager of L&D claims, says that railroad personnel have been helpful and cooperative when approached.

"I believe that, with few exceptions, carrier claims personnel are professional, experienced people," says Smith. "Further, shipper/receiver claims personnel are poorly trained, not professionals. If this is true, successful dialogue is nearly impossible." ■

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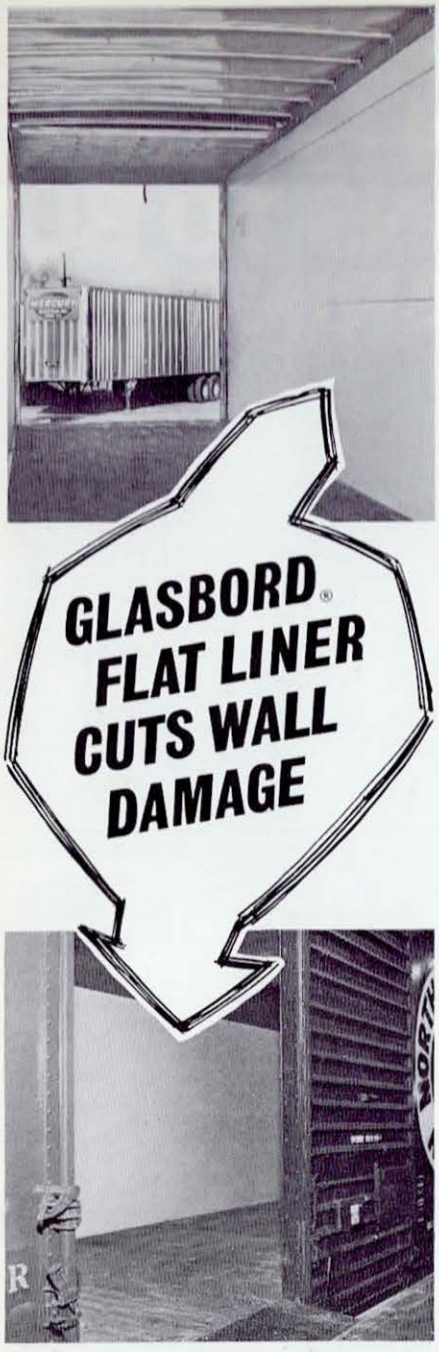

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Circle 32 on coupon page 61

Watching Washington

REID BEDDOW

THE CURRENT SCENE

CONGRESS: Both Senate and House transportation subcommittees have now concluded hearings on the Surface Transportation Act proposal, into which the regulated surface modes have put so much effort, time, and hope this past year. There are plenty of people around who say no STA provision will see statutory enactment this year, but they have always said as much. Modal leaders themselves are banking on a strong push by Senate Commerce Committee Chairman Warren Magnuson and friends in the House, like Rep. Brock Adams (D.-Wash.), that will at least force floor votes on a bill. The coming month should see committee reports on the bill.

EQUIPMENT STANDARDS: Rails are nervously awaiting FRA promulgation of equipment standards, which they hope will steer the line between a basic technology of safety and high-cost frills. The word at FRA is that Administrator John W. Ingram has sent the standard drafters back to their desks with orders to pare down their original, ambitious rules. They will see light, it is now said, this summer. Meanwhile, the National Transportation Safety Board on May 17 announced it had sent Mr. Ingram a recommendation to prepare regulations governing rail use of radio. NTSB said, "Analysis of the accident reports indicates that radio operational procedures in train operation are much less formal and precise than similar practices in other modes of transportation."

AMTRAK: House-Senate conferees on an Amtrak appropriation bill have reached agreement on the dollar amount the inter-city passenger carrier will receive in Federal aid. In effect they split the difference between separate House and Senate bills, awarding Amtrak $222 million in direct aid for operating expenses until June 30, 1973, and at least $175 million in new Federal loan guarantees for equipment purchase. Dropped from the Senate version was a $150-million authorization for roadbed improvements.

Meanwhile, Amtrak was revamping its fare structure, trimming in the East and raising in the West. With present ridership, revenues are estimated to rise 3% per year. While President Roger Lewis said that fare boosts will partly offset labor and material cost increases, the principal aim is to fill empty seats.

AUTO-TRAIN: While legislators debate Amtrak's future, Auto-Train, the six-months-old Washington to Florida passenger carrier, says it is doing very well. Auto-Train President Eugene K. Garfield, who was an aide to Alan S. Boyd when he was DOT Secretary, said his firm moved into the black in March despite large start-up expenditures in the first three months of operation. In March Auto-Train transported 5,012 cars and their passengers for a gross of $1,039,000 and a net income of $25,000. By comparison, in December, the first month ot operation, Auto-Train shipped 1,776 cars for gross revenues of $367,060 and a loss of $589,680. Losses in December, January, and February were due to non-recurring start-up expenses, according to an Auto-Train spokesman. He also said Auto-Train would publish a fully audited annual report in June.

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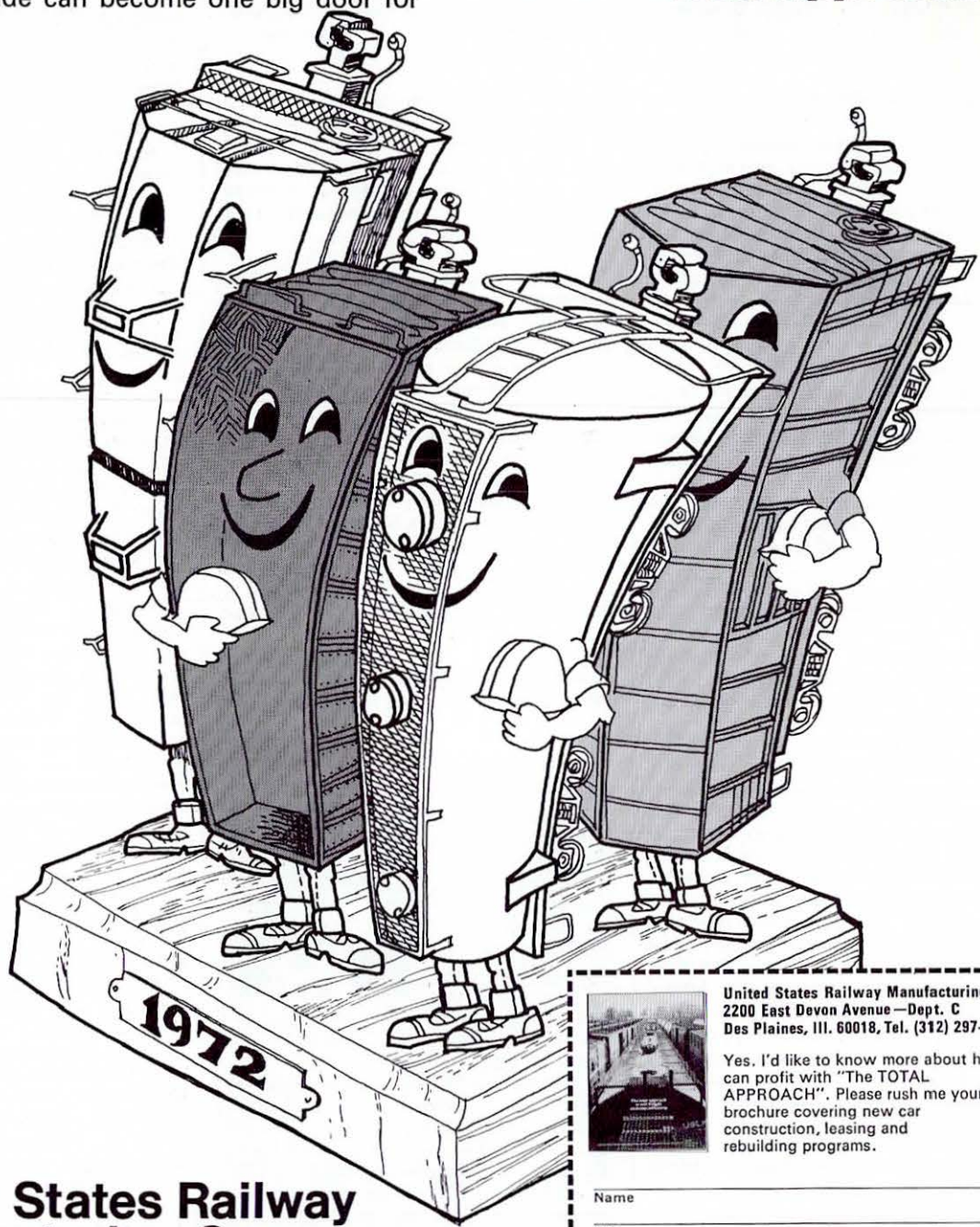

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Circle 33 on coupon page 61

People in the News

Ian D. Sinclair
CP

Fred S. Burbidge
CP

John H. Lloyd
MP

Samuel A. Alward
SCL-L&N

CANADIAN NATIONAL.—**R.A. Bandeen,** vice president, Great Lakes Region, Toronto, appointed executive vice president, finance and administration, Montreal. **Jean H. Richer,** vice president, St. Lawrence region, Montreal, appointed executive vice president, passenger, express and non-rail services. **Pierre Taschereau,** vice president-law, Montreal, named executive vice president, corporate affairs. **J.W.G. Macdougall** continues as executive vice president, with responsibility for marketing, transportation and maintenance and the CN's five operating regions in Canada.

J. Frank Roberts, assistant vice president-market development, Montreal, succeeds Mr. Richer. **W.D. Piggott,** assistant vice president, Great Lakes Region, Toronto, succeeds Mr. Bandeen.

W.H. Bailey, assistant vice president, purchases and stores, Montreal, promoted to vice president, purchases and stores, succeeding **E.T. Hurley,** retired.

L.S. McGregor, chief of motive power and car equipment, Montreal, appointed special assistant to increase the CN's participation in the design and implementation of new generation passenger train equipment such as Turbo and the LRC and to undertake special cost-benefit evaluations of equipment repair practices and supply procedures.

B.F. Snell, general foreman motive power, Moncton, appointed motive power maintenance co-ordinator, system, succeeding **F.L. McTavish,** promoted. **D.H. Easun,** engineering consultant, appointed system electrical engineer, Montreal, succeeding **J.D. Sylvester,** retired. **D. Young,** assistant superintendent motive power, Toronto Area, appointed mechanical officer, motive power, Great Lakes Region, Toronto, succeeding **R.S. Waddington,** appointed marketing services officer, Toronto. **K.W. Landers,** employee relations officer, motive power and car equipment, Montreal, appointed assistant general superintendent-equipment, Toronto, succeeding **W.L. Draper,** promoted. **J.G. Foster,** general foreman—turbo trains, appointed assistant mechanical officer-technical (motive power), Montreal, succeeding **R.W. Rust,** promoted.

CANADIAN PACIFIC.—**Ian D. Sinclair,** president and chief executive officer, Montreal, elected chairman, to succeed **Norris R. Crump,** who has retired after 52 years of service but continues as a director. Mr. Sinclair continues as chief executive officer and has been succeeded as president by **Fred S. Burbidge,** former vice president and senior executive officer. **Keith Campbell,** vice president-administration, succeeds Mr. Burbidge. **W. John Stenason,** vice president-transport and ships, named vice president-administration. **R.T. Riley,** director of corporate planning, named vice president-transport and telecommunications.

DERECO.—**Richard H. Hahn,** vice president-executive department, **Erie Lackawanna** and **Delaware & Hudson,** elected vice president of **Dereco,** succeeding **John R. Turbyfill,** recently elected vice president-administration, **Norfolk & Western.**

LOUISVILLE & NASHVILLE.—**W. Thomas Rice** elected to the newly created post of chairman of the board, with offices in Richmond, Va., and Louisville, Ky. Mr. Rice is chairman and president, **Seaboard Coast Line,** which owns 98 per cent of the outstanding L&N stock. He is also chairman and chief executive officer, **Seaboard Coast Line Industries,** the parent company of SCL Railroad.

MINNEAPOLIS, NORTHFIELD & SOUTHERN.—**Dale H. Reubish,** executive general traffic manager, elected vice president-traffic, with headquarters as before at Minneapolis.

Alfred G. Oehler
1888-1972

Alfred G. Oehler, the retired electrical editor of Railway Age and of Railway Locomotives and Cars, died May 12 at his home in Surrey, England. He was 83. Mr. Oehler was born at Lake Mills, Wis., and graduated as an electrical engineer from the University of Wisconsin in 1911. He served in the test department of General Electric and subsequently worked for the Northern Pacific and the Wisconsin-Minnesota Light & Power Co. He joined Simmons-Boardman in 1917 and was engaged in editorial work until his retirement in 1956. He was editor of Railway Electrical Engineer and managing editor of the Car and Locomotive Cyclopedia. Mr. Oehler moved to England three years ago. He was a past president of the American Welding Society and a fellow of the Institute of Electrical and Electronics Engineers.

MISSOURI PACIFIC.—**John H. Lloyd** elected president and **Downing B. Jenks** re-elected chairman of the board. Mr. Lloyd, who was formerly executive vice president of **MP,** is also president of **Texas & Pacific** and **Chicago & Eastern Illinois. Downing B. Jenks,** who relinquished the presidency, will continue as chief executive officer.

Raymond J. Marshall, regional sales manager-south-eastern region, promoted to regional sales manager, Dallas, to succeed **Gail D. Tatum,** retired. Mr. Marshall's successor is **Donald S. Blanchard,** regional sales manager, Pittsburgh, who in turn is succeeded by **John P. Gilbert.**

PENN CENTRAL.—**George R. Wallace,** vice president-sales and marketing-staff, Philadelphia, appointed vice president-marketing. **James R. Sullivan,** assistant vice president-marketing, appointed senior assistant vice president-planning coordination.

Robert K. Pattison, assistant general operations, New York-Connecticut commuter service, named general manager, Metropolitan Region, New York, succeeding **E. Robert Adams,** resigned to join the **Grand Trunk Western** as general superintendent of transportation, at Detroit.

Jay M. Gilmore, general manager, Philadelphia Commuter Area, Philadelphia, appointed system general manager-passenger operation.

John K. Shoemaker, superintendent-suburban transportation, named general superintendent, Philadelphia Commuter Area.

James H. Huddleston, manager pricing services, Philadelphia, transferred to Pittsburgh. Mr. Huddleston succeeds **Richard J. Ising,** who held the position jointly with PC and the **Pittsburgh & Lake Erie.** Mr. Ising will devote full time to the P&LE.

Vincent J. Floyd, director-industrial development, Philadelphia, appointed assistant vice president-sales and marketing-staff. **Otto W. Pongrace,** director-industrial development, New York, has been placed in charge of industrial development throughout the system, with headquarters at Philadelphia. **James T. Orsborn** and **Arthur J. Hafner** named assistant directors-industrial development. Mr. Orsborn was manager-industrial development-technical services, New York, and Mr. Hafner was manager-industrial development, Philadelphia.

W. Llewellyn Millar, director-customer services, appointed director-dining, sleeping and parlor car service, succeeding the late **Sidney N. Phelps.**

Pennsylvania Truck Lines, Inc., formed early this year by the merger of four PC subsidiary trucking companies, has made the following appointments: **William H. Cooper,** vice president-sales and marketing; **William T. Mecouch, Jr.,** vice president-operations; **John P. Egan,** vie president-controller and treasurer; **James C. Hightower III,** vice president-administration, and **Frank W. Putnam,** vice president-terminals.

SEABOARD COAST LINE-LOUISVILLE & NASHVILLE.—**Samuel A. Alward,** director of management information services, L&N elected vice president-management information services, L&N and SCL, with headquarters at both Jacksonville and Louisville.

(Supply Trade on Page 77)

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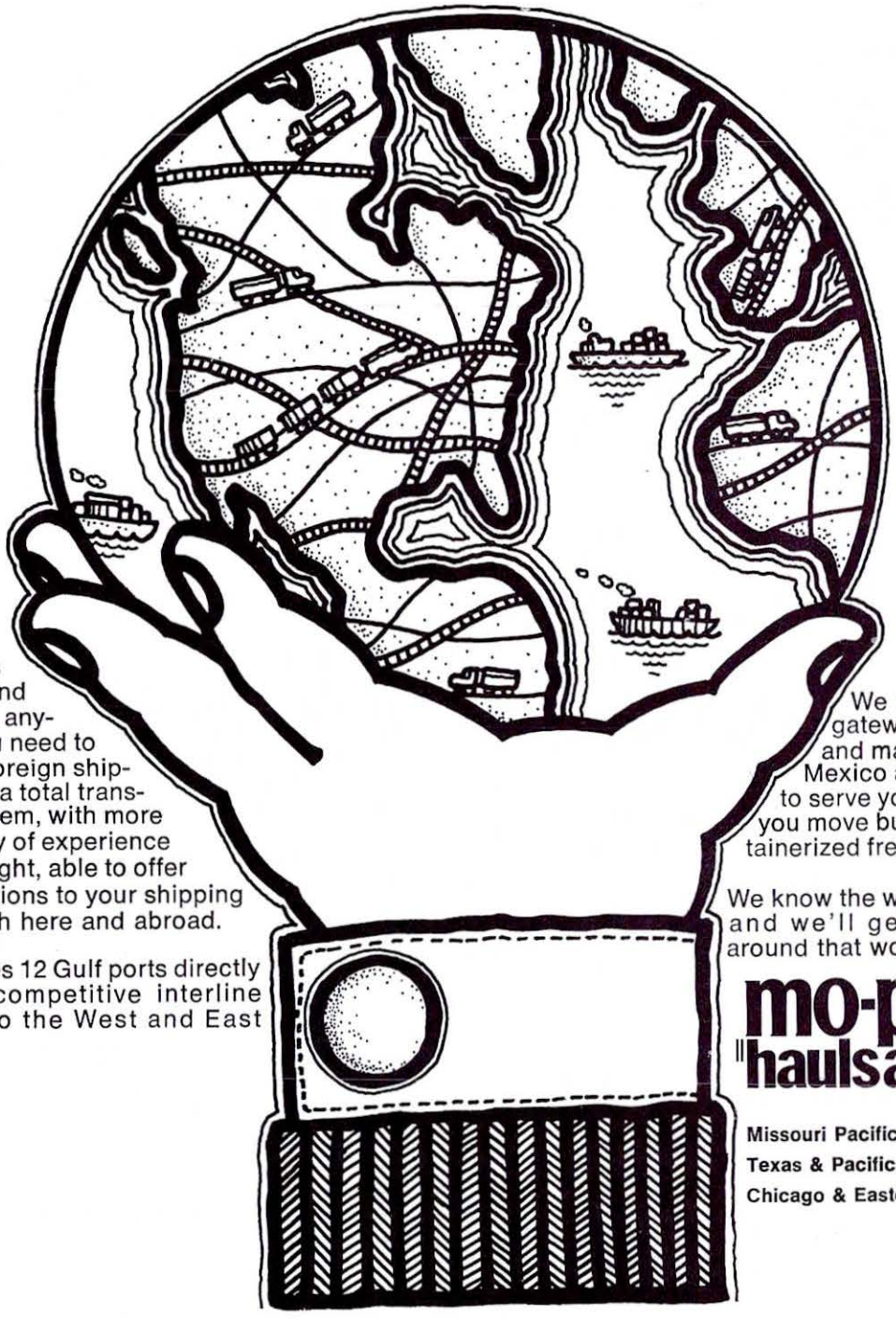

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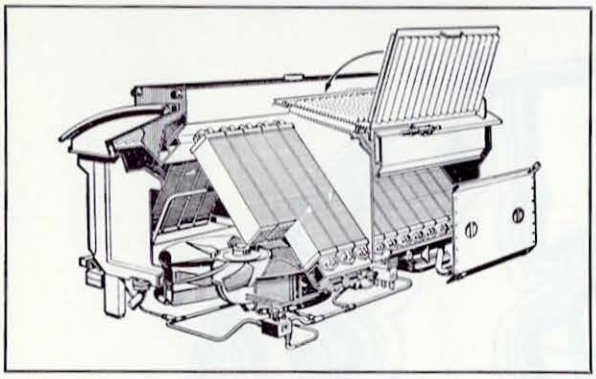

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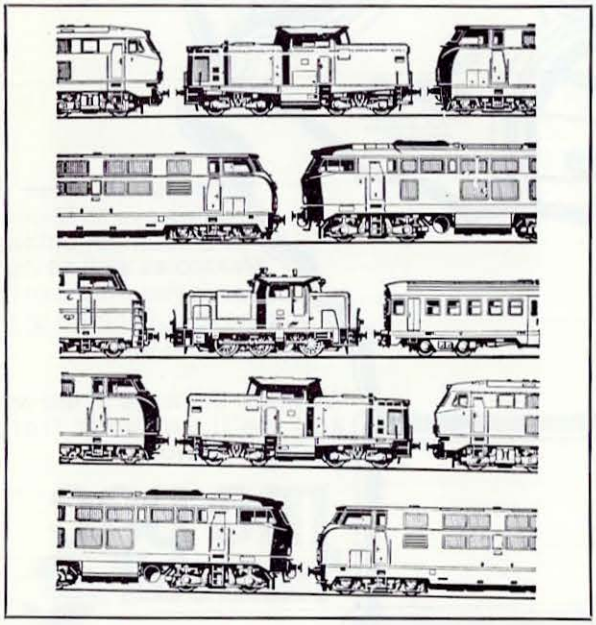

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Circle 35 on coupon page 61

LETTERS

Human relations: The need to know

Chicago, Ill.

To the Editor:

Gus Welty's interviews with Messrs. Dempsey and Chesser were very good, very perceptive reporting [RA, April 24, p. 40]. With a rail industry labor ratio that is more than 60%, we obviously have a great need to know in this area of union and human relations.

Labor, of course, is not really the group that should come up with initiatives for improving this situation. Management should, but historically can agree upon very little. Initiatives that *do* come from labor tend to be exasperated and apocalyptic. As example, UTU's solution for Penn Central is nationalization. Cynics, of course, suggest that the only solution for PC's labor ratio is a miracle.

We are thankful, however, that many industry leaders, both rail presidents and union heads, are not cynical. The perceptions voiced by John Kenefick of the Union Pacific in your editorial are right on the mark [RA, April 24, p. 64]. We at Illinois Central have similarly perceived our needs. We have embarked upon a corporate relations program that sounds as though it might have been designed by him. Other railroads are taking similar steps.

For the first time in a decade, there is some hope of betterment in this vital aspect of the industry. If we can turn the corner toward better relations with our own people, as we create transportation more clearly related to what shippers want, Railway Age can take pride in the turnaround. Its conscientious reporting in a field that has no economic rewards for a trade paper should not go unnoticed by the industry or its suppliers.

Alan S. Boyd
President and Chief Executive Officer
Illinois Central Railroad

To regain commodities traffic

Shaker Heights, Ohio

To the Editor:

The article in the April 24 issue—"Can rails win a bigger share of aggregates traffic?"—is the kind of article Railway Age should be publishing on a regular basis, showing not merely what has been done, but what can be done to regain traffic. It is tragic that the study on which this article was based was a shipper-sponsored study. . .

By far the largest portion of railroad traffic is spread over so many commodities, between so many shippers, over so many railroads, that managements feel it is too expensive to court such small segments of traffic. Individually the amounts are small. Collectively they are large. Meanwhile, truckers have picked off individual shippers with a specialized service catered to shipper needs which has greatly diminished the railroad share of the business. . .

The AAR release of last January comparing changes in tons and revenues by commodities for railroads and trucks, shows that since 1966 trucks increased their share of the business for by far the majority of commodities. This was true even for commodities which are well suited for rail handling. . .

These, as well as other commodities, are in need of comprehensive study to determine whether the traffic can be regained, and if so, is it worth the trouble.

Walter B. Wright
Retired Director Cost & Profit Margin Research
Chesapeake & Ohio/Baltimore & Ohio

Market Outlook

CAR LOADINGS

Loadings of revenue freight in the week ended May 13 totaled 523,253 cars, according to the Association of American Railroads. This was an increase of 7,002 cars, or 1.4%, compared with the previous week, and a decrease of 8,619 cars, or 1.6%, compared with the corresponding week last year.

REVENUE FREIGHT CARLOADINGS

Commodity	May 13 week	May 6 week	Apr. 29 week
Grain	18,638	20,147	20,945
Farm products	10,848	10,444	10,508
Metallic ores	41,733	33,869	28,850
Coal	94,967	94,286	96,873
Crushed stone, gravel & sand	29,281	29,096	29,100
Nonmetallic minerals	10,354	10,581	9,807
Grain mill products	17,854	17,444	18,028
Food and kindred products	23,449	23,083	24,468
Primary forest products	23,868	24,046	25,009
Lumber & wood products (except furniture)	17,163	17,400	18,000
Pulp, paper & allied products	23,197	23,096	24,480
Chemicals & allied products	30,641	30,455	32,053
Petroleum products	8,898	8,973	9,201
Stone, clay & glass products	22,143	22,165	22,786
Coke	7,772	8,139	7,977
Metals & products	25,074	25,409	27,348
Motor vehicles & equipment	26,954	27,118	26,748
Waste & scrap materials	16,138	16,042	16,221
Forwarder & shipper assn. traffic	5,910	5,987	5,994
All other carloads	67,895	67,871	72,972
LCL traffic	476	489	536
Total cars loaded	523,253	516,140	527,904

Cumulative total, 19 weeks	1972	1971
	9,225,324	9,602,485
Estimated revenue ton-miles (billions) 19 weeks	276.6	276.9

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended May 6 totaled 24,944 cars (11.3% above the corresponding week last year) and 41,853 trailers or containers (up 13.4% from 1971). Cumulative volume for the first 18 weeks of 1972 is 435,470 cars (up 5.4% from last year) and 729,118 trailers or containers (up 9.6% from 1971).

IN CANADA

	Tons of Revenue Freight	Cumulative Totals
April 21, 1972	4,132,403	58,506,468
April 21, 1971	4,128,254	54,566,255

ROLLING STOCK

● *CP Rail.*—Ordered 40 3,000-hp diesel-electric units from the Diesel Division of General Motors of Canada. Delivery is scheduled to begin next December.

● *Illinois Central.*—Ordered 300 100-ton, 4,750-cu-ft-capacity covered hopper cars from Pullman-Standard at a cost of more than $5 million. The new order brings IC's capital-improvements budget for 1972 to almost $82 million.

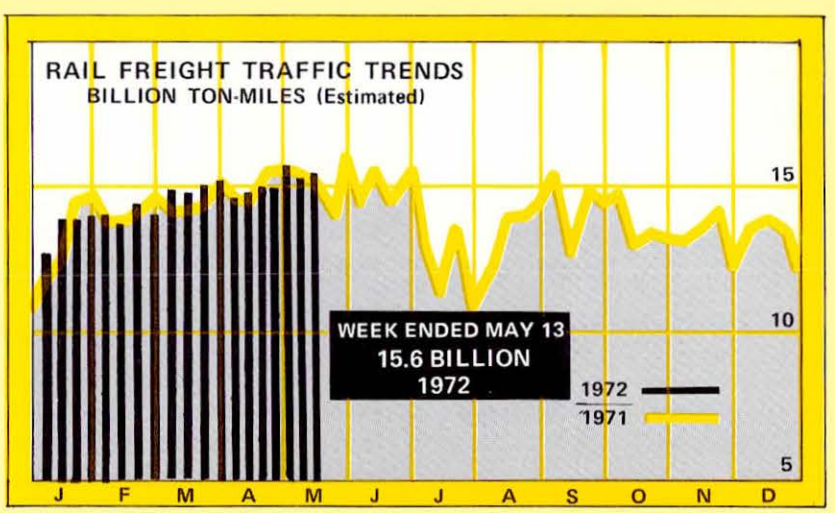
● *Penn Central.*—Will acquire 500 70-ton, 50-ft box cars for hauling manufactured products. The cars will be built by U.S. Railway Manufacturing Co. and leased to PC by the affiliated U.S. Railway Leasing Co. Delivery is scheduled for the fourth quarter of 1972 and early 1973.

● *Seaboard Coast Line.*—Ordered 630 freight cars and 15 companion power (MATE) units at a cost exceeding $12 million. Pullman-Standard will build 500 77-ton, 50 1/2-ft box cars (including 200 single- and 300 double-door cars). Delivery will begin in mid-August and be completed in October. Bethlehem Steel will build 130 100-ton gondola cars for hauling wet phosphate rock. Delivery will begin in July. The MATE units will be built by General Electric, with delivery beginning in August.

NEW FACILITIES

● *Canadian National.*—Has called tenders for construction of a 9.7-mile single-track spur near St. Lazare, Man., to serve a potash mine. Also, CN plans a heavy track-maintenance on its prairie region lines. The program will include installation of continuous welded rail, ballasting, bank widening and tie replacement.

● *CP Rail.*—A $3.7-million, 100,000-sq-ft freight car repair shop will be built at the Ogden, Alta., shops. Completion is scheduled for mid-1973.



Source: Association of American Railroads

Moving Freight

Ingram urges Federal aid for new cars

Federal Railroad Administrator John W. Ingram has told a special House subcommittee investigating freight-car shortages that only one U.S. railroad is generating enough cash to replace existing equipment as it becomes obsolete. He warned that railroads are going to have to spend a greater portion of their limited capital on track and other fixed facilities in order to overcome deferred maintenance. This situation "clearly requires action on the part of the government not only to help solve the historical car shortage problem, but also to assist the railroads in maintaining existing capacity as older cars are retired," said Ingram.

Moore is Agents' "Man of the Year"

William H. Moore, president and chief executive officer of Penn Central, has received the "Transportation Man of the Year Award" from the National Association of Shippers' Agents at its fourth annual convention. Recognition of the importance of a "service-oriented" PC in members' routing of a huge volume of traffic over all railroads led to NASA's award. Moore, NASA said, "led his company from a state of near collapse in the movement of freight to a position of responsive service. . .The resurgence of Penn Central service under Mr. Moore's leadership is recognized as one of the significant achievements in transportation in 1971-1972."

CP tests stock car with automatic feeding system

An experimental stock car which makes possible feeding and watering in transit is being appraised by CP Rail. The double-deck car, equipped with a prototype automatic feeding and watering system, has made three trips from Saskatchewan to Toronto without the intermediate unloading and rests which Canadian law would otherwise require at 36-hour intervals. On each trip approximately 90 head of cattle were delivered in 72 hours or less with a below-average loss of weight. Transit time was cut from five to three days, which could mean "a significant increase in the availability of cattle cars during peak periods of livestock movement," says G.J. Seddon, CP Rail's marketing director, food products.

GE's largest transformer moves by rail

General Electric has employed its 550-ton, 20-axle, 150-ft Schnabel car to move its largest-ever transformer from Pittsfield, Mass., to Georgia Power's Hatch Nuclear Plant at Hatch, Ga. The transformer car and four others with auxiliary equipment were transported via Penn Central, Delaware & Hudson, Norfolk & Western, and Southern. GE is furnishing also the nuclear reactor, turbine generator and other equipment for the Hatch station.

LV/N&W have new run-through freight service

Lehigh Valley and Norfolk & Western have initiated run-through trains between Sayre, Pa., and Bellevue, Ohio, thus eliminating yarding and changes of cabooses and locomotives at Buffalo, N.Y. While the first such trains are expediting carload, as well as trailer/container traffic, between the New York metropolitan area and western destinations, it is expected that soon the LV/N&W "Apollos," their fastest freights between New York and Chicago, will also be run-throughs. Piggyback traffic on the Apollo is being expanded by a new Jersey Central connection at Bound Brook, N.J., which handles containers and trailers to and from that line's new Portside Terminal at Elizabeth, N.J.

SUPPLY TRADE

Albert J. Buthman
Stanray

John E. Earp
Stanray

Albert J. Buthman, manager of marketing services, **Standard Railway Equipment Division** of **Stanray Corp.,** Chicago, has been appointed vice president of marketing. **John E. Earp,** regional sales manager, has been appointed general sales manager. **Burt W. Shauger, Judd Erickson** and **Edward R. Boedeker, Jr.,** have been named regional sales managers. **Robert L. Radle,** formerly with the **FreightMaster** Division of **Halliburton Co.,** has joined the Standard Railway Equipment Division as regional sales manager. **R.J. Deceuster** has been named manager of special products. **Michael J. Quinn** and **William P. Arthur** has been named service representatives of special products.

Paul E. Granquist has been appointed to the new position of sales manager, **Rail-U.S. Leasing, Inc.,** a railroad freight car-managing subsidiary of **United States Leasing International, Inc.,** at San Francisco.

Richard K. Tobin has been appointed vice president-sales, Industrial Division, **Evans Products Co.,** Plymouth, Mich. Mr. Tobin previously was division assistant vice president-sales at Plymouth.

R.C. Ortner, Jr., has joined the **Ortner Freight Car Co.,** Cincinnati, Ohio, as sales representative.

J.E. Gavin has been appointed marketing manager, **Mannix Maintenance of Way Division,** Minneapolis, Minn. Mr. Gavin was formerly sales manager, **Chemetron Corp.,** Chicago.

John F. Hanlon, assistant manager, Washington Office, **Westinghouse Electric Corp.,** has been appointed to the new position of district manager, Washington, with responsibility for sales to transportation customers in the southeast.

Richard C. Archer has been appointed director of marketing, **Flight Connector Corp.,** Hawthorne, Calif. He was formerly corporate vice president-international operations, Bourns, Inc.

ACI Systems Corp., South Holland, Ill., has assumed responsibility for marketing products of **Railweight, Inc.**

C. Richard Barney has been appointed vice president and general manager, **United States Railway Equipment Co.,** newly formed division of **U.S. Railway Manufacturing Co.** (RA, Feb. 28, p. 48). He will be responsible for all sales, marketing, manufacturing, and technical service functions of the new division which is engaged in new railcar construction, rebuilding, maintenance, and repair. The division has plants in Blue Island, Ill., Washington, Ind., and Springfield, Ore. Mr. Barney was formerly general manager, Rentco division, Fruehauf Corp.

Peter L. Riches, sales representative, has been named manager, Canadian Region of **WABCO, Ltd., Uniswitch Division,** Montreal. Mr. Riches will report to **A.F. O'Rourke,** western and Canadian sales manager, Signal & Communications Division, Pittsburgh.

William E. Adams has been named vice president-marketing, **AMF Beaird, Inc.,** Shreveport, La. Mr. Adams will have responsibility for the government, maxim silencer, industrial and railroad product sales.

Ralph L. Coffing, former director of sales, **Shippers Car Line division, ACF Industries,** has been named resident executive of account relations. After division headquarters move to St. Charles, Mo., in July, Mr. Coffing will remain in New York to act as executive representative for the division general manager, **John S. Carlson,** who will have his office in St. Charles. **John F. McCarthy,** assistant director of sales, appointed director of sales, St. Charles.

Walter G. Sittman, assistant marketing manager, **Oakite Products, Inc.,** Berkeley

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Heights, N.J., has been promoted to marketing director.

Richard B. Blackwell and **George B. Dutton, Jr.** have been elected vice presidents, **R.L. Banks & Associates,** Washington, D.C.

Lewis Emmerich has been elected vie president-business management, **Servo Corp. of America,** Hicksville, N.Y. Prior to joining Servo, Mr. Emmerich served as management consultant.

George Montgomery, service engineer, **FreightMaster,** Mid-West area, has been appointed sales engineer, Chicago area, succeeding **Robert L. Radle,** resigned. Mr. Montgomery's office will be at 507 Sunnyside Avenue, Wheaton, Ill.

Forrest R. Qualls, senior vice president sales, **Marathon Tank Car Co.,** Houston, Tex., has been named president, succeeding **Clifford B. Croy,** appointed senior vice president, Marathon Manufacturing Co.

INDUSTRIAL TRAFFIC

Kenneth W. Goode has been appointed manager of traffic, **Combustion Engineering, Inc.,** Chattanooga, Tenn.

George W. Cook, vice president-purchasing and transportation, **Owens-Illinois, Inc.,** Toledo, Ohio, retired March 31, after 47 years of service.

Allen M. Thomas, assistant manager, general traffic department, **Pitney Bowes,** Stamford, Conn., has been named manager of domestic transportation.

William L. Bush has been appointed transportation policy counsel, **Weyerhaeuser Co.,** Tacoma, Wash. **Richard A. Gosline,** manager of rail transportation, will supervise all rail transportation, rates and operations activities.

James M. Gallagher has been appointed director of distribution, the **Flintkote Co.,** Calaveras Cement Division, San Francisco. **Ric Ohrazda,** assistant traffic manager, promoted to traffic manager, succeeding Mr. Gallagher.

Dale R. Johnson, assistant manager of transportation research, **International Multifoods,** Minneapolis, Minn., has been appointed manager of transportation research.

OBITUARY

William S. Allen, 72, retired assistant general counsel, **Chicago Transit Authority,** died May 7 in St. Francis Hospital, Evanston, Ill.

John Walter Smith, 71, who retired in Jan. 1970 as chairman of the board, **Seaboard Coast Line,** died May 3 in Richmond, Va.

Fred B. Stauffer, 72, one of the country's foremost transportation writers for many years, died in Glen Ridge, N.J., May 6. Stauffer, a charter member of the New York Financial Writers' Association, had covered transportation for many newspapers, including the New York Herald Tribune.

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Viewpoint

L&D: Some positive signs

Nobody really needs to be told that freight loss and damage is a drain on the railroad industry, that claim payout has gone steadily upward since the early 1960s, that payout has siphoned-off about $1.7 billion from the industry in the past decade, or that payout in 1971 worked out to about $450 per minute. That's not news.

What *is* news is that the industry may finally be finding the handle. In short, where L&D prevention is concerned, there is more reason for optimism today than there has been for quite a few years. Certainly, most of the old problems remain, and new ones keep cropping up. But there are also these elements on the positive side:

—The final figure on payout for '71 did *not* reach the original estimate of $240 million. And in terms of year-to-year percentage increase, last year's rate-of-rise actually slipped in under the rate-of-gain of inflation in the economy.

—The new-claim filing rate is down. And, if recent trends continue, it is quite possible that a year from now railroads will be reporting a decrease in actual payout, 1972 compared with 1971. If that happens, it would be the first year-to-year decline since 1961.

—New forces are working on L&D prevention. New forces and, it would seem, a new spirit among the people out on the firing line. Nowhere did this get more forceful comment than during the 1971 sessions of the AAR Freight Claim Division—which led off with Chicago & North Western President Larry S. Provo and included a special prevention day, keynoted by Federal Railroad Administrator John W. Ingram and wrapped up by C&O/B&O's William Bamert, assistant vice president and a veteran marketing man.

Provo put it bluntly: "Railroad managements are no longer accepting very high casualty costs, which include freight loss and damage, as a necessary cost of operation." (Coincidentally, at about the same time Illinois Central Senior Vice President Otto H. Zimmerman was telling the National Association of Shippers Advisory Boards much the same thing: "More and more of the industry's top officers are starting to focus upon the problem of loss and damage—in a way that recognizes L&D as a threat to our very survival.")

NEW ACTION PATTERNS NEEDED

Bill Bamert put in a strong pitch for developing new action patterns—rather than concentrating on more and more of the same old patterns that haven't been working. And between Provo and Bamert, freight-claim and L&D-prevention people listened to, and participated in, a rather frank analysis of what has happened and what ought to be happening. And the message was rather clear, in three parts:

—Top management *is* committed to reducing L&D.

—L&D prevention people today *are* better-trained and better-supported than they have been; they are less oriented to ineffectual hand-wringing and more oriented to action.

—Concentrated efforts in specific areas *have* proved that payout can be cut; and success in some areas should constitute the challenge in others.

C&NW's Provo called reduction in casualty costs (including L&D) one of the railroads' "greatest untapped gold mines." Well, maybe 1972 will be the year when the Mother Lode really is tapped. Watch for it.

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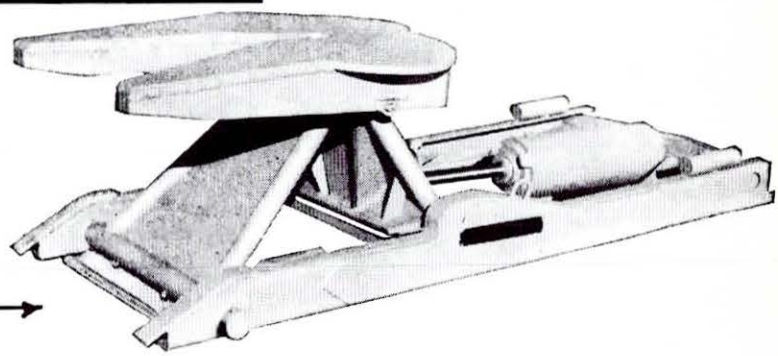

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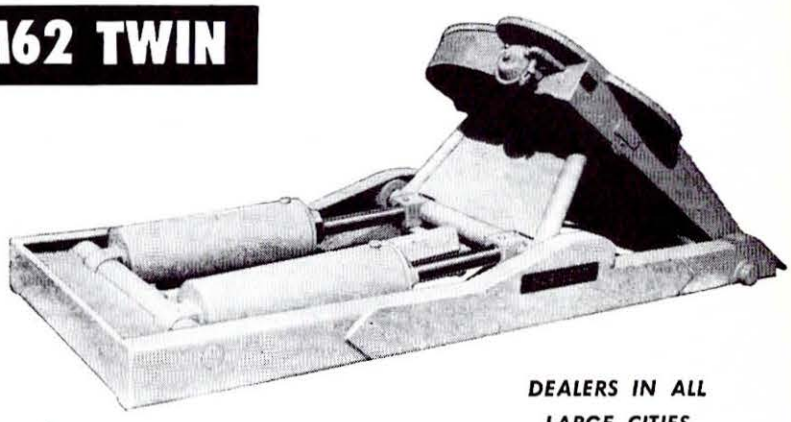

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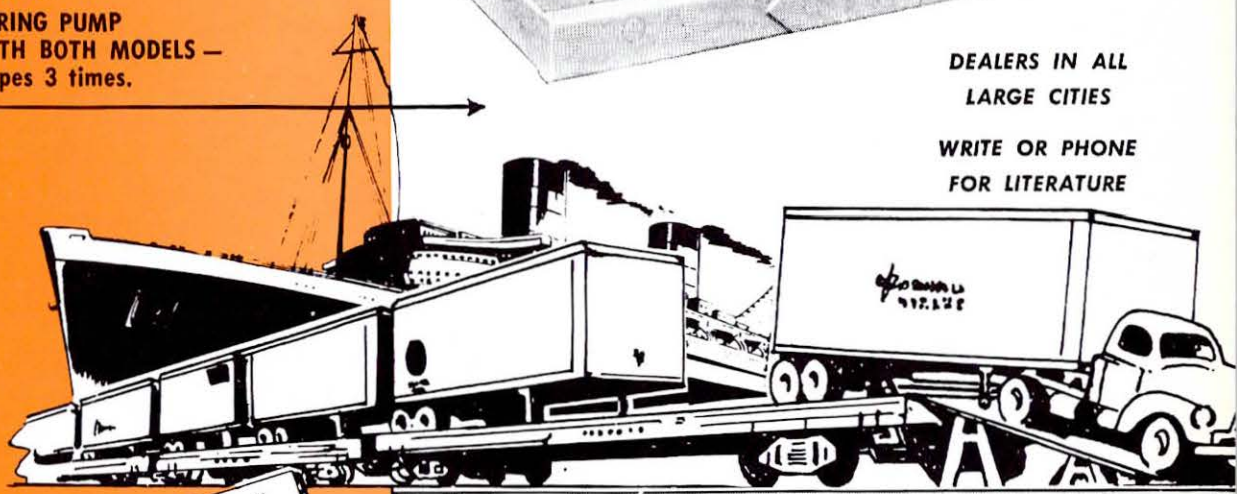

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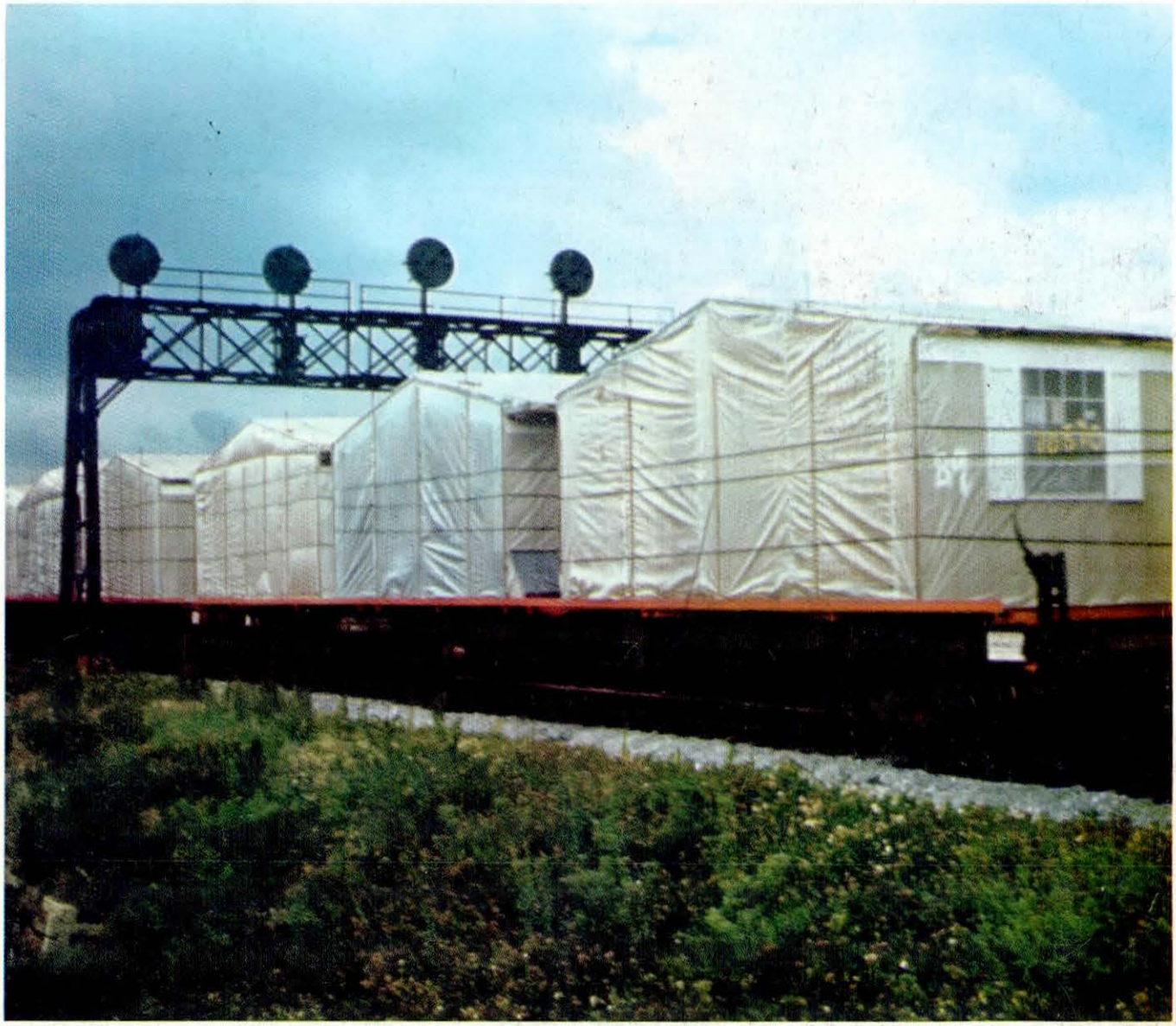

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